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May 22, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station – 2nd Floor
Boston, Massachusetts 02110

Subject: NSTAR Electric - Default Service Tariffs

[CONFIDENTIAL MATERIAL ATTACHED]

Dear Secretary Cottrell:

Boston Edison Company, Commonwealth Electric Company, and Cambridge Electric Light Company (together, "NSTAR Electric") hereby submit the results of their most recent solicitation for default service supply together with proposed Default Service tariffs resulting from that solicitation. This filing is made in accordance with the provisions of G.L. c. 164, § 1B(d); 220 C.M.R. §§ 5.00 and 11.00 et seq.; and Default Service Pricing and Procurement, D.T.E. 99-60. NSTAR Electric requests that the Department of Telecommunications and Energy (the "Department") approve the tariffs within five business days to become effective on July 1, 2003, subject to future reconciliation of costs by the Department. Please find enclosed the filing fee of \$45 for the three tariffs.

NSTAR Electric requests approval of the following proposed tariffs, which are enclosed herewith:

Boston Edison Company – M.D.T.E. No. 103B, Default Service Rate

Cambridge Electric Light Company – M.D.T.E. No. 203B, Default Service Rate

Commonwealth Electric Company – M.D.T.E. No. 303B, Default Service Rate.

On April 4, 2003, NSTAR Electric issued a Request for Proposals ("RFP") for Default Service supply for a delivery term commencing July 1, 2003. A copy of the RFP is enclosed herewith as Appendix A. The RFP sought fixed-price proposals, which could vary by calendar month, to serve the residential, commercial, and industrial customer groups and load zones of each distribution company. NSTAR Electric received a number of responses from bidders by the April 21, 2003 deadline. The bids were evaluated and a ranking of bids was established. After an initial evaluation of each of the bids, NSTAR Electric engaged in extensive negotiations with a short list of bidders and ultimately

agreed to purchase 50 percent of the three companies' Default Service requirements for the period July 1, 2003 through December 31, 2003¹ and 50 percent of its Default Service requirements for the residential and commercial customer groups for the six-month period, beginning January 1, 2004.

In accordance with the Department's order in D.T.E. 99-60-B at 15, the RFP solicited Default Service proposals with separate bid prices for the residential, commercial and industrial customer groups. In addition, consistent with the Department's order in D.T.E. 02-40-A, the RFP solicited Default Service proposals with separate bid prices on a load zone-specific basis. Finally, pursuant to the Department's order in D.T.E. 02-40-B, the RFP solicited proposals that included Renewable Energy Portfolio Standards ("RPS") requirement costs for the load being served. NSTAR Electric has contracted for Default Service supplies and hereby requests that the Department approve the implementation of the new Default Service rates effective for usage from July 1, 2003 through December 31, 2003.

A copy of the bid evaluation together with an explanation of the calculation of the Default Service prices is enclosed herewith as Appendix B. Because Appendix B contains specific contract and pricing terms that are proprietary and confidential, only one copy of Appendix B is being filed with the Secretary, under seal. The remaining copies do not include Appendix B. A Motion for Protective Treatment with respect to Appendix B, together with an Affidavit of Robert H. Martin in support thereof, are enclosed.

NSTAR Electric's RFP resulted in the following rates for each of the three distribution companies (in cents/kWh at the retail customer level):

BOSTON EDISON COMPANY

Fixed Price Option: July 2003 - December 2003

Residential	6.482
Commercial	6.595
Industrial (NEMA)	6.844
Industrial (SEMA)	6.110
Street Lighting	6.595

¹ As part of its September 2002 solicitation of Default Service power supply, NSTAR Electric procured 50 percent of its Default Service requirements for the period July 1, 2003 through December 31, 2003. NSTAR Electric filed the results of that solicitation with the Department on November 20, 2002.

Variable Price Option: July 2003- December 2003

	July	August	September	October	November	December
Residential	7.555	7.351	6.019	5.621	5.730	6.251
Commercial	7.956	7.769	6.179	5.639	5.707	6.149
Industrial (NEMA)	7.332	7.167	6.579	6.490	6.461	6.555
Industrial (SEMA)	7.142	6.978	5.577	5.077	5.198	5.591
Street Lighting	7.956	7.769	6.179	5.639	5.707	6.149

CAMBRIDGE ELECTRIC LIGHT COMPANY

Fixed Price Option: July 2003- December 2003

Residential	6.205
Commercial	6.329
Industrial	6.378
Street Lighting	6.329

Variable Price Option: July 2003 - December 2003

	July	August	September	October	November	December
Residential	7.193	6.999	5.739	5.362	5.462	5.958
Commercial	7.580	7.401	5.893	5.379	5.441	5.861
Industrial	6.872	6.717	6.161	6.077	6.049	6.138
Street Lighting	7.580	7.401	5.893	5.379	5.441	5.861

COMMONWEALTH ELECTRIC COMPANY

Fixed Price Option: July 2003- December 2003

Residential	6.000
Commercial	6.057
Industrial	6.078
Street Lighting	6.057

Variable Price Option: July 2003- December 2003

	July	August	September	October	November	December
Residential	7.089	6.891	5.539	5.127	5.285	5.769
Commercial	7.353	7.189	5.614	5.097	5.209	5.615
Industrial	6.938	6.778	5.417	4.931	5.049	5.430
Street Lighting	7.353	7.189	5.614	5.097	5.209	5.615

NSTAR Electric will continue to comply with the Department's order in D.T.E. 99-60-C, with respect to notifying customers of the change in Default Service rates. Accordingly, NSTAR Electric will post the new rates on its web site and make them available via a toll-free telephone number.

In summary, NSTAR Electric respectfully requests the Department permit the implementation of the new Default Service rates effective for usage from July 1, 2003 through December 31, 2003. If you have any questions with regard to this matter, please feel free to contact me at 617-951-1400.

Very truly yours,



Robert N. Werlin

Enclosures

cc: Paul Afonso, General Counsel
Ronald LeComte, Director, Electric Power Division
Kevin Brannelly, Director, Rates and Revenue Requirements Division
Joseph Rogers, Assistant Attorney General
Robert Sydney, General Counsel, DOER

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Boston Edison Company,)
Cambridge Electric Light Company, and)
Commonwealth Electric Company)
Default Service Rate Filing)

**MOTION FOR PROTECTIVE TREATMENT
OF CONFIDENTIAL INFORMATION**

Now come Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company (collectively, the “Companies” or “NSTAR Electric”) and hereby request that the Department of Telecommunications and Energy (the “Department”) grant protection from public disclosure of certain confidential, sensitive and proprietary information submitted in this proceeding in accordance with G.L. c. 25, § 5D.

On this date, NSTAR Electric submitted the results of its solicitation for Default Service supply and supporting documentation, including information provided in Appendix B to the filing. Appendix B contains various cost and procurement information that is confidential, competitively sensitive and proprietary. NSTAR Electric requests that certain information contained in Appendix B to the May 22, 2003 Default Service filing be protected from public disclosure.

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, § 5D, which states in part that:

The [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information

provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the proponent of such protection to prove the need for such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

In interpreting the statute, the Department has held that:

[T]he burden on the company is to establish the need for protection of the information cited by the company. In determining the existence and extent of such need, the Department must consider the presumption in favor of disclosure and the specific reasons why disclosure of the disputed information benefits the public interest.

The Berkshire Gas Company et al., D.P.U. 93-187/188/189/190, at 16 (1994) as cited in Hearing Officer's Ruling On the Motion of Boston Gas Company for Confidentiality, D.P.U. 96-50, at 4 (1996).

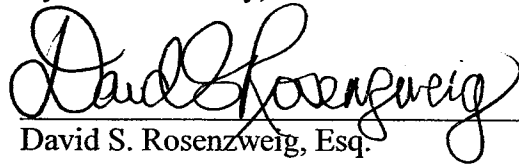
Appendix B contains confidential, competitively sensitive and proprietary information including market prices for Default Service offered to NSTAR Electric, along with detailed calculations used to derive these market prices. In addition, specific contract and pricing terms are included in Appendix B. This information should be protected from public disclosure to protect the Companies' future negotiating position when seeking to procure Default Service for their customers. Furthermore, in its Request For Proposals, NSTAR Electric indicated that it would treat all bid information as confidential, and in their bids suppliers requested such confidential treatment. Disclosure of such information could be detrimental to NSTAR Electric's customers who stand to benefit from the Companies' ability to minimize the price paid for Default Service power. Therefore, because the cost and performance information in Appendix B is competitively sensitive, NSTAR Electric requests that such information be protected from public disclosure.

WHEREFORE, for the reasons stated above, the Companies request that the Department grant their motion to protect from public disclosure confidential, competitively sensitive and proprietary information, as contained in Appendix B.

Respectfully submitted,

**BOSTON EDISON COMPANY
CAMBRIDGE ELECTRIC LIGHT COMPANY
COMMONWEALTH ELECTRIC COMPANY**

By Their Attorney,

A handwritten signature in cursive script, reading "David S. Rosenzweig", written over a horizontal line.

David S. Rosenzweig, Esq.
Keegan, Werlin & Pabian, LLP
21 Custom House Street
Boston, MA 02110
Telephone: (617) 951-1400
Telecopier: (617) 951-1354

Dated: May 22, 2003

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

_____)
Boston Edison Company, _____)
Cambridge Electric Light Company, and _____)
Commonwealth Electric Company - Default _____)
Service Rate Filing _____)

AFFIDAVIT OF ROBERT H. MARTIN

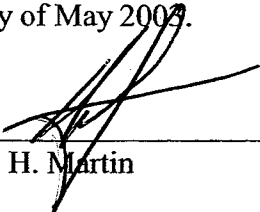
Robert H. Martin, being duly sworn, deposes and says as follows:

1. I am the Director, Electric Energy Supply, Asset Divestiture and Outsourcing for NSTAR Services Company. In this capacity, I am responsible for coordinating the divestiture of the generating assets and entitlements and the procurement of supplies for Standard Offer and Default Service for Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company (collectively, "NSTAR Electric").
2. I am a graduate of Bentley College with a Bachelor of Science Degree in Accounting. Upon graduation in 1974, I joined Commonwealth Energy System's Service Corporation where I held several accounting positions, including Group Accounting Supervisor. In 1984, I accepted the position of Supervisor of Cost Administration. In 1987, I was promoted to Manager of Revenue Requirements and Cost Administration. In 1997, I became the Manager of Regulatory Accounting and Special Projects for Cambridge, Commonwealth, Commonwealth Gas Company and Canal Electric Company. In 1999, I became the Director of Revenue Requirements for the regulated companies of NSTAR Services Company. I assumed my present position in May 2000.
3. As Director, Electric Energy Supply, Asset Divestiture and Outsourcing, I am responsible for securing a least-cost energy supply and for mitigating the cost incurred under existing above-market power purchase agreements ("PPAs"). My responsibilities currently include coordinating the sale of NSTAR's PPAs and securing a supply for standard offer, default service and wholesale energy customers.
4. Since the implementation of electric industry restructuring in March 1998, NSTAR Electric has been responsible for supplying retail customers with Standard Offer and Default Service. On April 4, 2003, NSTAR Electric

issued a Request for Proposals for competitive bids for Default Service for a delivery term commencing July 1, 2003. Final binding bids were due on April 21, 2003.

5. Appendix B to NSTAR Electric's May 22nd Default Service filing includes the results of the solicitation for Default Service supply and supporting documentation, including various cost and procurement information that is confidential, competitively sensitive and proprietary. NSTAR Electric is requesting that the information contained in Appendix B be protected from public disclosure.
6. The cost and procurement information in Appendix B contains confidential, competitively sensitive and proprietary information including market prices for Default Service offered to NSTAR Electric, along with detailed calculations used to derive these market prices. In addition, specific contract and pricing terms are included in Appendix B.
7. This information contained in Appendix B should be protected from public disclosure to protect NSTAR Electric's future negotiating position when seeking to procure Default Service for its customers. Disclosure of such information would inhibit the ability of NSTAR Electric to minimize the price paid for Default Service by its customers in the future because wholesale suppliers of electricity maintain such information as proprietary. If bidders believe that the prices and terms of their bids will become publicly available, they will be reluctant both to submit proposals and to bid the lowest price possible.
8. Furthermore, in its RFP, NSTAR Electric indicated that it would treat all bid information as confidential and in their bids, suppliers requested such confidential treatment. Suppliers require confidential treatment to provide NSTAR Electric with the lowest possible price without compromising their bids to other electric companies who are also soliciting electricity for their customers.
9. Disclosure of such information could be detrimental to NSTAR Electric's customers who stand to benefit from NSTAR Electric's ability to minimize the price paid for Default Service power. Based on my experience and on communications with power suppliers, if power suppliers know that the prices they bid will be publicly disclosed, they will either not bid at all or they will add a premium on to the prices bid because other electric companies will gain access to the negotiated lowest bid offered by the supplier in other negotiated circumstances.

Signed under the pains and penalties of perjury this 22nd day of May 2003.



Robert H. Martin

**BOSTON EDISON COMPANY,
COMMONWEALTH ELECTRIC COMPANY
AND
CAMBRIDGE ELECTRIC LIGHT COMPANY**

**REQUEST FOR PROPOSALS
FOR POWER SUPPLY FOR DEFAULT SERVICE**

For the Delivery Term commencing
July 1, 2003

April 4, 2003

**BOSTON EDISON COMPANY,
COMMONWEALTH ELECTRIC COMPANY
AND
CAMBRIDGE ELECTRIC LIGHT COMPANY**

**REQUEST FOR PROPOSALS
FOR POWER SUPPLY**

April 4, 2003

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Appendix A – Default Service Power Supply Agreement

Appendix B – Proposal Form

**BOSTON EDISON COMPANY,
COMMONWEALTH ELECTRIC COMPANY
AND
CAMBRIDGE ELECTRIC LIGHT COMPANY**

**REQUEST FOR PROPOSALS
FOR POWER SUPPLY FOR DEFAULT SERVICE**

April 4, 2003

I. Introduction and Background

The Massachusetts Electric Industry Restructuring Act of 1997 (the "Act") provided for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers. The Act provided access for all retail customers of Boston Edison Company ("BECo"), Commonwealth Electric Company ("Commonwealth") and Cambridge Electric Light Company ("Cambridge") (together, "NSTAR Electric") as of March 1, 1998. The Act requires each distribution company to provide default service to those customers who are not receiving generation service as part of the Standard Offer Service option or from a competitive supplier ("Default Service"). The Act further requires Default Service to be competitively procured. In addition, the Massachusetts Department of Telecommunications and Energy ("DTE") has conducted a generic proceeding on rules and procedures for the provision of and pricing of Default Service¹. As a result of that proceeding, the DTE ordered all electric companies in Massachusetts to procure Default Service through competitive solicitations by customer group (residential, commercial and industrial) and to procure such power at fixed monthly prices. In a new proceeding, the DTE again considered issues relating to Default Service resulting from implementation of a congestion management and multi-settlement system within structured markets (Standard Market Design). In the resulting order, the DTE considered the effects of congestion costs and locational marginal pricing ("LMP") related to the procurement of Default Service. This order requires all electric companies in Massachusetts to procure Default Service supply on a load zone-specific basis and to establish separate Default Service prices for each load zone for large C&I customers².

The NSTAR Electric companies are each direct or indirect subsidiaries of NSTAR, with a principal place of business at 800 Boylston Street, Boston, MA 02199. NSTAR Electric is hereby issuing this Request for Proposals ("RFP") to solicit and evaluate competing power supply offers from qualified power suppliers ("Suppliers") to supply firm, load-following power to meet the Default Service requirements (as defined below) for each of the designated residential, commercial and industrial customer groups on a load zone-specific basis for the Delivery Term. Although Suppliers need not provide bids for each customer group or for each distribution company, Suppliers must provide separate fixed monthly pricing for each of the customer groups and load zones bid upon. NSTAR Electric plans to award the Power Supply by customer group and load zone based on the bids received and the best interests of its retail customers. In addition, although it is NSTAR

¹ Default Service, D.T.E. 99-60 (1999) (Notice of Inquiry)

² Default Service, D.T.E. 02-40

Electric's preference to select no more than twelve winning Suppliers (i.e., one for each of NSTAR Electric's customer groups and one for each load zone for Boston Edison Company), proposals to serve less than 100% of the available load of a customer group or proposals to serve individual calendar months will also be considered.

For the purposes of this solicitation, the customers of Commonwealth Electric Company are within the Southeastern Massachusetts load zone ("SEMA") and the customers of Cambridge Electric Light Company are within the Northeastern Massachusetts load zone ("NEMA"). The customers of Boston Edison Company are within both the SEMA and NEMA load zones.

In addition, for the purposes of this solicitation, the Commercial Customer Group includes small and medium commercial and industrial customers and streetlights, and the Industrial Customer Group includes large commercial and industrial customers. The customer groups are as follows:

Customer Group	Rate Classes
Residential	BECo rates R-1, R-2, R-3 and R-4; Commonwealth rates R-1, R-2, R-3, R-4, R-5 and R-6; and Cambridge rates R-1, R-2, R-3, R-4, R-5 and R-6
Commercial (including street lighting)	BECo rates G-1, G-2, T-1 and street lights; Commonwealth rates G-1, G-4, G-5, G-6, G-7 and street lights; and Cambridge rates G-0, G-1, G-4, G-5, G-6 and street lights
Industrial	BECo rates G-3 and T-2; Commonwealth rates G-2 and G-3; and Cambridge rates G-2 and G-3

II. Power Supply Requested

NSTAR Electric is soliciting offers for Power Supply, by load zone, to meet the needs of NSTAR Electric's end-use customers in the Commercial Customer Group, the Industrial Customer Group and the Residential Customer Group, who are taking service pursuant to the Default Service Tariff. Default Service is provided to retail customers who are not otherwise eligible for Standard Offer Service or are not taking service from a competitive supplier. Service to customers can be initiated by: (a) a customer notifying the applicable NSTAR company that it wishes to terminate service from its competitive supplier and commence Default Service; (b) a competitive supplier notifying the applicable NSTAR company that it is terminating service to a customer; (c) a competitive supplier ceasing to provide service to a customer without notifying the applicable NSTAR company; or (d) a customer moving into NSTAR Electric's service territory after March 1, 1998, who has not affirmatively chosen a competitive supplier and is not otherwise eligible for Standard Offer Service.

The Power Supply solicited is to begin: (a) for the hour ending at 0100 Eastern Prevailing Time (EPT) on July 1, 2003 and to terminate on the hour ending 2400 EPT on December 31, 2003 for 50% of the Default Service load; and (b) for the hour ending 01:00 EPT on January 1, 2004 and to terminate on the hour ending 2400 EPT on June 30, 2004 for 50% of the Default Service load.

Supplier may select a 6-month or 12-month period as the Delivery Term. In addition, Suppliers may provide separate bids for more than one of these Delivery Terms, or for specific months within these Delivery Terms. NSTAR Electric will only consider fixed price bids that can be evaluated on a fixed ¢/kWh basis.

III. Delivery of Power Supply

The Power Supply is to be delivered to any point or points on the PTF within the NEMA and SEMA Load Zones, as appropriate. If ISO implements Nodal Pricing, as defined by SMD, during the Term of this Agreement, the points shall be the Node or Nodes, as defined by NEPOOL, appropriate for each customer in each Customer Group. Any pricing differential between the delivery Node chosen by the Supplier and the Node as reported to the ISO under Section 6.3 of this Agreement shall be the responsibility of the Supplier. Each Supplier will be responsible for determining (and demonstrating, if necessary) that adequate transmission capacity is available for all resources it proposes to utilize, and that appropriate transmission service arrangements are in place for the term of the Power Supply contract. NSTAR Electric will make arrangements for NEPOOL Regional Network Service, which provides for transmission over PTF, and Local Network Service from any applicable local transmission provider(s), which provides for transmission over non-PTF. NSTAR Electric will be billed by NEPOOL and the applicable local transmission provider(s) for these services. NSTAR Electric will pay these bills and collect the costs, along with its distribution costs, from its customers through its retail distribution tariffs. Any other transmission or distribution costs will be the Suppliers' responsibility.

IV. Form of Power Supply

The Supplier of Default Service for each customer group and load zone shall be responsible for meeting a fixed percentage of the service requirements for NSTAR Electric's customers in the customer group and load zone taking such service. These service requirements include the generation and delivery, to any location on the PTF within the NEMA and SEMA Load Zones, of the portion of the electric capacity, energy and ancillary services required to meet the needs of NSTAR Electric's ultimate customers taking such service. As a condition of this RFP, NSTAR Electric requires the Supplier of such service requirements to be responsible for the same responsibility as would befall NSTAR if it were serving the Default Service load for all present and future requirements, obligations and associated costs linked with these service requirements, whether in the Day-Ahead Market and/or the Real-Time Market. Such requirements, obligations and associated costs shall include, without limitation, costs of: capacity (including but not limited to Installed Capability, Unforced Capacity, Quick-Start Capacity, Locational ICAP, etc., if applicable), energy (including but not limited to Energy which satisfies Renewable Energy Portfolio Standards), operating reserves (including but not limited to Ten-Minute Spinning, Ten-Minute Non-Spinning, Thirty Minute Operating Reserves, Replacement Reserves, Forward Reserves, Operating Reserves, etc., if applicable), Regulation (including but not limited to Automatic Generation Control), and Energy Uplift (including but not limited to Energy Uplift, Congestion Cost, Daily RMR Resource expenses and the variable component of RMR Agreements), emergency energy, GIS administrative charges, and ISO Tariff Schedule Nos. 2

and 3 charges, and any other requirements, products, expenses or charges imposed or assessed by NEPOOL or the ISO (including but not limited to those allocated on the basis of Ownership Shares of Load Assets, Load Obligations and/or Load Obligation Deviations (including but not limited to Real-Time, Day-Ahead, and/or Adjusted)). Supplier shall be responsible for all transmission and distribution losses associated with delivery of Energy from the Delivery Points to the ultimate customers' meters.

The Supplier of Default Service shall provide NSTAR Electric's renewable energy obligations resulting from the Renewable Energy Portfolio Standards promulgated at 225 CMR 14.00 et seq. These obligations are for 1% of the Load to be from qualified Renewable Generation Sources for the period July 1, 2003 through December 31, 2003, and for 1.5% of the Load to be from qualified Renewable Generation Sources for the period January 1, 2004 through June 30, 2004.

V. Expected Loads

NSTAR Electric is unable to predict the amount of load that will be required to meet the needs of each customer group and load zone, if any. NSTAR Electric's customers are free, at any time, to leave Default Service to take service from competitive suppliers and to return to Default Service.

To assist Suppliers in determining the potential load requirements, upon request, NSTAR Electric will provide the following information electronically (where available):

- ❑ Aggregate historical hourly Default Service load (including losses) by customer group, by distribution company, for the period January, 2001 to February, 2003; and
- ❑ Aggregate historical hourly Default Service load (including losses) by customer group, load zone and distribution company, for the month of March, 2003; and
- ❑ Copies of latest available DOER-110 reports showing the number of Default Service customers enrolled and energy consumption at retail by rate schedule.

NSTAR Electric cautions Suppliers that the information provided reflects NSTAR Electric's past performance and is not a measure of future performance. It is understood and agreed that NSTAR Electric shall have no liability or responsibility to any entity resulting from the use of any such information. Suppliers are responsible for forecasting their obligations on an hourly, daily, and monthly basis. However, NSTAR Electric will provide the selected Suppliers with certain information to facilitate the projection of load requirements. Such data includes the history of energy and peak Default Service load, and subsequent updates to such information.

Suppliers may not limit the amount of Power Supply that may be purchased by NSTAR Electric, but may limit the percentage of the load that the Supplier will serve for a particular customer group or load zone. Proposals that contain limits on the amount of Power Supply to be provided will be rejected.³

³ For example, a Supplier offering to supply the residential customer group in the NEMA load zone must agree to supply a fixed percentage of the needs of that group. The Supplier may not offer to serve a fixed percentage of the residential customer group in the NEMA load zone with the condition that the amount of service purchased does not exceed a specified MW level in any given hour.

The amount of Power Supply for each customer group or load zone to be supplied by the winning Supplier(s) will be determined in accordance with the procedure contained in ARTICLE 6 of the proposed Power Supply Agreement, a copy of which is provided in Appendix A.

VI. Proposals

Each Supplier shall submit a proposal, signed by an authorized official of the Supplier, containing the information contained in Appendix B. Appendix B will be provided electronically. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary. Each proposal must specify the price at which the Supplier will provide Default Service for each customer group and load zone. Purchases will be made on an "as-delivered" energy basis with prices stated on a fixed ¢/KWH basis. Prices may vary by calendar month, but must be uniform for the entire calendar month and cover the entire Delivery Term selected by the Supplier. In addition, prices should not contain demand components or vary by time-of-use within a calendar month. Bids that contain minimum purchase requirements will be rejected. Suppliers shall specify a price for each customer group on which it bids. The price for each customer group or load zone may be different.⁴

Within one (1) business day of being notified that it has been selected as a winning potential Supplier, a Supplier must provide the following supplementary information:

1. Corporate history and most recent annual report;
2. Initial (if founded within the last ten years) and current capitalization;
3. Certified financial statements, including balance sheets and statements of income and cash flow with respect to the two previous fiscal years and the most recent interim period; and
4. Forms 10-K and 10-Q, submitted to the United States Securities and Exchange Commission for the two previous fiscal years, if applicable.

VII. Terms and Conditions

A winning Supplier(s) will be selected to provide Default Service to each of the customer groups and load zones during the term covered by this RFP. Each winning Supplier will provide default Service to NSTAR Electric in accordance with the terms and conditions of the Power Supply Agreement. A copy of the proposed Power Supply Agreement, assuming one Supplier serves all customer groups and load zones, is provided in Appendix A. The winning Supplier(s) will be required to execute the applicable Power Supply Agreement(s) within five (5) business days of being notified that it has been selected as the winning Supplier. Should a Supplier request NSTAR

⁴ For example, a Supplier may bid to serve the residential customer group in the SEMA load zone at 3¢/kWh, the commercial customer group in the SEMA load zone at 2.5¢/kWh and the industrial customer group in the SEMA load zone at 2¢/kWh for the month of July 2003. For the month of August 2003, a Supplier may bid to serve the residential customer group in the SEMA load zone at 1.5¢/kWh, the commercial customer group in the SEMA load zone at 2¢/kWh and the industrial customer group in the SEMA load zone at 2.5¢/kWh.

Electric to consider any changes to the Power Supply Agreement, such request should be presented to NSTAR Electric by Friday, April 18, 2003.

Each Supplier must currently be a member of NEPOOL or become a member prior to April 18, 2003. Suppliers must also have a settlement account established with the NEPOOL billing system throughout the term of the period covered by this RFP.

Each Supplier must obtain all necessary regulatory approvals required to enable it to provide the applicable service prior to July 1, 2003.

Each Supplier responding to this RFP must meet certain conditions, including but not limited to:

- A. Demonstrate ability to comply with NEPOOL and ISO requirements;
- B. Demonstrate the ability to access resources sufficient to supply the amount committed (not be to be construed as requiring a potential supplier to hold title to power required at the time of the proposal);
- C. Demonstrate that it has the financial resources to perform its obligations. Further, Supplier shall be required to provide financial assurances and instruments satisfactory to cover NSTAR Electric's replacement power costs in the event of Supplier default including a Letter of Credit in the amount of Forty Million United States Dollars (\$40,000,000) prorated to the amount of Load supplied;
- D. Demonstrate its own experience and qualifications (not that of its affiliates or special purpose entities) to provide the amount and type of power offered;
- E. Commit to assisting and cooperating with NSTAR Electric in any regulatory or judicial process relating to the proposed purchase, at the Supplier's expense;
- F. Demonstrate the ability to meet the labeling and disclosure requirements of the Massachusetts legislation for all resources bid; and
- G. Cooperate with NSTAR's Green Power Program.

VIII. Retail Customer Relationships

All customers taking Default Services covered by this RFP will remain retail customers of NSTAR Electric. As the retail provider, NSTAR Electric will bill customers for the service provided and will provide customer service to all customers taking Default Service. NSTAR Electric will use reasonable efforts to provide notification to the Supplier(s) of Default Service of significant customer enrollments and terminations within a customer group.

IX. Right to Reject/Select Supplier

Although it is NSTAR Electric's firm intent to select Suppliers as a result of this RFP, NSTAR Electric shall have the exclusive right to select or reject any and/or all of the proposals submitted

at any time, for any reason and to disregard any submission not prepared according to the requirements contained in this RFP. Further, NSTAR Electric expressly reserves the right, in its sole and absolute discretion, to seek clarifications of any submissions, to negotiate to seek modifications to any submissions, to unilaterally change the schedule described herein or modify any of the rules and procedures set forth herein or any other procedures, to terminate the process described herein, and to invite any (or none) of the Suppliers to participate further in the process, all without prior notice to other potential parties.

A person's or an entity's preparation for this process, submission of information in response to this RFP, or participation in this process shall not operate to vest any rights in that person or entity or to create any duties or obligations for NSTAR Electric.

All submissions shall constitute an offer to sell Default Service to each customer group and load zone and such offer shall be deemed to be held open until the earlier of April 30, 2003 or the date on which it is either accepted or rejected. Pricing contained in such offer may not be changed or withdrawn during this period.

X. Process and Schedule

A. Schedule

NSTAR Electric intends to adhere to the following schedule, although it reserves the right to modify the schedule at any time at its sole discretion.

Issue RFP	April 4, 2003
Notice of Intent to Participate	April 11, 2003
Proposals due	April 18, 2003 at 4 p.m. EPT
Award Group Selected	April 30, 2003
Contracts finalized	May 9, 2003
Power Supply begins	July 1, 2003

B. Communications

All communications regarding this RFP must be in writing and may be made by hand delivery, fax or E-mail, addressed to:

NSTAR Electric & Gas Corporation
Electric Energy Supply
One NSTAR Way, NE220
Westwood, MA 02090-9230
Attn: Robert H. Martin
Gary L. Cunningham

Fax: 781-441-8066

E-mail: energy_supply@nstaronline.com

Proposals that have been e-mailed or faxed by April 18, 2003 must also be delivered by mail or by hand by April 21, 2003.

C. Confidentiality

NSTAR Electric agrees that it will treat the information it receives from Suppliers in a confidential manner and will not, except as required by law or in a regulatory proceeding, disclose such information to any third party or use such information for any purpose other than in connection with this RFP; provided, that, in any regulatory proceeding in which confidential information is sought, NSTAR Electric shall take reasonable steps to try to limit disclosure and use of said information through the use of non-disclosure agreements, and shall inform the Supplier if confidential information is being sought. Notwithstanding the foregoing, in any regulatory proceeding in which such confidential information is sought and a request for confidential treatment is made to the DTE, NSTAR Electric shall not be responsible in that event that the DTE determines that the request for treating information in a confidential manner is not warranted.

D. Evaluation

Proposals will be evaluated on the following bases:

1. Lowest evaluated bid price by customer group and load zone;
2. Responsiveness to non-price requirements; and
3. Risk relative to price and ability to serve the load.

In evaluating bid prices, NSTAR Electric will weigh monthly bids based on a forecast of the monthly Default Service load. In addition, while preference will be given to conforming bids, NSTAR may, at its discretion, review and select non-conforming bids.

Appendix A

DEFAULT SERVICE POWER SUPPLY AGREEMENT

DATED AS OF [], 2003

BY AND AMONG BOSTON EDISON COMPANY,

CAMBRIDGE ELECTRIC LIGHT COMPANY,

COMMONWEALTH ELECTRIC COMPANY AND

[SUPPLIER]

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DEFAULT SERVICE POWER SUPPLY AGREEMENT

This **DEFAULT SERVICE POWER SUPPLY AGREEMENT** ("Agreement") is dated as of __, 2003 and is by and among Boston Edison Company ("BECo"), Commonwealth Electric Company ("Commonwealth") and Cambridge Electric Light Company ("Cambridge") (together, "NSTAR Electric") all wholly owned subsidiaries of NSTAR, with a principal place of business at 800 Boylston Street, Boston, MA 02199, and ("Supplier") with a principal place of business at [____]. This Agreement provides for the sale by Supplier of Default Supply Service, as defined herein, to NSTAR Electric.

ARTICLE 1. BASIC UNDERSTANDINGS

Supplier, in response to a Request for Proposal dated April 4, 2003 issued by NSTAR Electric, has been selected to be the supplier of firm, load-following power to meet NSTAR Electric's requirements for Default Supply Service, as defined herein, for:

[____] of the requirements for the period [____] through [____] of the customers of [____] in each Customer Group and Load Zone taking service pursuant to the Default Service Tariff.

This Agreement, together with the Appendices hereto, sets forth the terms under which Seller will supply Default Supply Service to NSTAR Electric, for a [____] month period beginning on July 1, 2003 and constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral (including without limitation the referenced term sheet), between the Parties concerning such subject matter.

ARTICLE 2. DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement, or in any associated documents entered into in conjunction with this Agreement. This Agreement includes certain capitalized terms that are not explicitly defined herein. Such capitalized terms shall have the meanings specified in the NEPOOL Agreement or the NEPOOL Rules, as the same are in effect from time to time, which meanings are incorporated herein by reference and made a part hereof. In the event of any inconsistency between a definition contained herein and a definition contained in either the NEPOOL Agreement or the NEPOOL Rules, the definition in this Agreement shall control for purposes of this Agreement.

Additional Assurance Amount is defined in Section 7.4.

Business Day – A day ending at 5:00 p.m. Eastern Prevailing Time, other than Saturday, Sunday and any day which is a legal holiday or a day designated as a holiday by the North American Electric Reliability Council or any successor organization thereto; provided, that, with respect to any payment due hereunder, a "Business Day" shall mean a day ending at 5:00 p.m. Eastern Prevailing Time, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Boston, Massachusetts are authorized by law or other governmental action to close; and, provided, further, that with respect to any report to be delivered pursuant to Section 3.2 or Section 6.3 hereof, a "Business Day" shall be a day other than Saturday, Sunday and any day which is a legal holiday or a day designated as a holiday by the ISO.

Claims – All third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the

resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

Commission – Federal Energy Regulatory Commission.

Commercial Customer Group – BECo's small and medium sized commercial and industrial customers in the following retail rate classes: G-1, G-2, T-1, S-1, S-2 and S-3, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule. Cambridge's small and medium sized commercial and industrial customers in the following retail rate classes: G-0, G-1, G-4, G-5, G-6, and S-1, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule. Commonwealth's small and medium sized commercial and industrial customers in the following retail rate classes: G-1, G-4, G-5, G-6, G-7, S-1 and S-2, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule.

Confidential Information – Certain terms of this Agreement that the parties agree shall be kept confidential pursuant to Article 21 hereof, and, information regarding individual NSTAR Electric customers. Notwithstanding the foregoing, the following shall not constitute Confidential Information:

- (a) Information which was already in a Party's possession prior to its receipt from the other Party and not subject to a requirement of confidentiality;
- (b) Information which is obtained from a third person who, insofar as is known to the Party, is not prohibited from transmitting the information to the Party by a contractual, legal or fiduciary obligation to the Party; and
- (c) Information which is or becomes publicly available through no fault of the Party.

Contract Rate – The prices set forth on Appendix B hereto to be paid per month per MWh by NSTAR Electric to Supplier for Default Supply Service provided during each month of the Delivery Term with respect to the applicable Customer Group and Load Zone specified thereon.

Customer Group – The Residential Customer Group, the Commercial Customer Group, and/or the Industrial Customer Group, as applicable.

Defaulting Party is defined in Section 8.1.

Default Service Tariff – BECo's Tariff for Default Service, M.D.T.E. No. 913, Commonwealth's Tariff for Default Service, M.D.T.E. No. 406, and Cambridge's Tariff for Default Service, M.D.T.E. No. 659, as they may be amended from time to time and approved by the Department.

Default Supply Service – All Product requirements of each customer within each Customer Group and Load Zone as described below:

[] of the requirements for the period [] of the customers of BECo, Commonwealth and Cambridge in each Customer Group and Load Zone taking service pursuant to the Default Service Tariff.

The Default Supply Service is currently assigned Load Asset designations (as they may be changed or modified from time to time by the ISO consistent with the terms of this Agreement) within the ISO Market System as:

Asset ID	Asset Name	Description
1483	DEF_SERVICE_RES_BECO LOAD	Residential Default Service - BECo NEMA
1484	DEF_SERVICE_COM_BECO LOAD	Commercial Default Service - BECo NEMA
1485	DEF_SERVICE_IND_BECO LOAD	Industrial Default Service - BECo NEMA
8121	DEF_SERVICE_RES_BECO SEMA LOAD	Residential Default Service - BECo SEMA
8122	DEF_SERVICE_COM_BECO SEMA LOAD	Commercial Default Service - BECo SEMA
8123	DEF_SERVICE_IND_BECO SEMA LOAD	Industrial Default Service - BECo SEMA
1486	DEF_SERVICE_RES_COMM LOAD	Residential Default Service - Commonwealth (SEMA)
1487	DEF_SERVICE_COM_COMM LOAD	Commercial Default Service - Commonwealth (SEMA)
1488	DEF_SERVICE_IND_COMM LOAD	Industrial Default Service - Commonwealth (SEMA)
1489	DEF_SERVICE_RES_CAMBRIDGE LOAD	Residential Default Service - Cambridge (NEMA)
1490	DEF_SERVICE_COM_CAMBRIDGE LOAD	Commercial Default Service - Cambridge (NEMA)
1491	DEF_SERVICE_IND_CAMBRIDGE LOAD	Industrial Default Service - Cambridge (NEMA)

Delivered Energy – The quantity of Energy, expressed in MWhs, provided by Supplier pursuant to this Agreement measured at the Delivery Points. This quantity shall be the quantity of Energy reported to the ISO by NSTAR Electric and/or its agent for each Load Asset, with such quantity being determined in accordance with Section 6.3 hereof. Such quantity includes transmission and distribution losses on NSTAR Electric's respective systems from the Delivery Point to the meters of each customer in each Customer Group taking service pursuant to the Default Service Tariff. PTF losses calculated by the ISO shall not be included in the calculation of Delivered Energy.

Delivery Points – Any point or points on the PTF within the following Load Zones, as appropriate for delivery to each customer in each Customer Group in each Load Zone taking service pursuant to the Default Service Tariff:

Load Zone	Location ID
.Z.SEMASS ("SEMA")	4006
.Z.NEMASSBOST ("NEMA")	4008

If ISO implements Nodal Pricing, as defined by SMD, during the Term of this Agreement, the points shall be the Node or Nodes, as defined by NEPOOL, appropriate for each customer in each Customer Group. Any pricing differential between the delivery Node chosen by the Supplier and the Node as reported to the ISO under Section 6.3 of this Agreement shall be the responsibility of the Supplier.

Delivery Term – The period beginning at the hour 0001 Eastern Prevailing Time on July 1, 2003 and continuing through and including the hour ending 2400 Eastern Prevailing Time on [____].

Demanding Party is defined in Section 7.3.

Department – Massachusetts Department of Telecommunications and Energy.

Early Termination Date is defined in Section 8.2.

Estimation Process is defined in Section 6.3.

Forecast is defined in Section 7.4.

Indemnifying Party is defined in Section 10.2.

Industrial Customer Group – BECo's large commercial and industrial customers in the following retail rate classes: G-3 and T-2, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule. Cambridge's large commercial and industrial customers in the following retail rate classes: G-2 and G-3, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule. Commonwealth's large commercial and industrial customers in the following retail rate classes: G-2 and G-3, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule.

ISO – The independent system operator established in accordance with the NEPOOL Agreement and the Interim Independent System Operator Agreement as amended, superseded or restated from time to time.

KWh – Kilowatt-hour.

Load Zone – Reliability Regions resulting from implementation of SMD and as defined for use in the ISO-NE Settlement System. The customers of Commonwealth Electric Company are within the Southeastern Massachusetts Load Zone ("Z.SEMASS" or "SEMA") and the customers of Cambridge Electric Light Company are with the Northeastern Massachusetts Load Zone ("Z.NEMASSBOST" or "NEMA"). The customers of Boston Edison Company are within both the NEMA and SEMA Load Zones.

Market Rules and Procedures – The Market Rules, Manuals and Procedures adopted by the ISO and/or members of NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets for Energy, reserves and capability.

Monthly Payment Amount – The total amount payable each calendar month by NSTAR Electric as set forth in Section 5.1.

Moody's – Moody's Investors Service, Inc. and its successors.

MWh – Megawatt-hour.

NE-GIS – The New England Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

NE-GIS Certificates – An electronic record produced by the NE-GIS that identifies the relevant generation attributes of each MWh accounted for in the NE-GIS from a new renewable generation unit that complies with the Renewable Energy Portfolio Standards promulgated at 225 CMR 14.00 et seq., or any successor regulation thereto.

NEPOOL - The New England Power Pool and any successor.

NEPOOL Agreement – The New England Power Pool Agreement dated as of September 1, 1971, as amended and/or restated from time to time.

NEPOOL Rules – All rules adopted by NEPOOL or the ISO, as such rules may be amended from time to time, including but not limited to, the Market Rules and Procedures, the NEPOOL Operating Procedures, the NEPOOL Agreement and the Interim Independent System Operator Agreement between

NEPOOL and the ISO and all notices, Procedures or Administrative Procedures published by the ISO via its web site and/or by its e-mail distribution to appropriate NEPOOL Participants and/or NEPOOL Functional Committees, as amended, superceded or restated from time to time.

Non-Defaulting Party is defined in Section 8.2.

Party(ies) – The applicable NSTAR Electric entity or Supplier or any of them, as the context requires.

Prime Rate – The lesser of (i) the rate published from time to time in the “Money Rates” section of The Wall Street Journal, as the prime-lending rate, and (ii) the maximum rate permitted by applicable law.

Product – All products required to satisfy all requirements to provide Default Supply Service including, without limitation, capacity (including but not limited to Installed Capability, Unforced Capacity, Quick-Start Capacity, Locational ICAP, etc., if applicable), energy (including but not limited to Energy which satisfies Renewable Energy Portfolio Standards as provided in Article 4, Section 4.2), operating reserves (including but not limited to Ten-Minute Spinning, Ten-Minute Non-Spinning, Thirty Minute Operating Reserves, Replacement Reserves, Forward Reserves, Operating Reserves, etc., if applicable), Regulation (including but not limited to Automatic Generation Control), and Energy Uplift (including but not limited to Energy Uplift, Congestion Cost, Daily RMR Resource expenses and the variable component of RMR Agreements), emergency energy, GIS administrative charges, and ISO Tariff Schedule Nos. 2 and 3 charges, and any other requirements, products, expenses or charges imposed or assessed by NEPOOL or the ISO (including but not limited to those allocated on the basis of Ownership Shares of Load Assets, Load Obligations and/or Load Obligation Deviations (including but not limited to Real-Time, Day-Ahead, and/or Adjusted)). Supplier shall be responsible for all transmission and distribution losses associated with delivery of Energy from the Delivery Points to the ultimate customers’ meters, as more particularly described in Section 6.2.

PTF – Facilities categorized as Pool Transmission Facilities under the NEPOOL Agreement.

Registration Letter is defined in Section 6.4

Renewable Energy Portfolio Standards – The regulations (found as of the date of this Agreement at 225 CMR 14.00) promulgated pursuant to M.G.L. c. 25A, § 11F that requires all retail electricity suppliers in Massachusetts to provide a minimum percentage of electricity from certain renewable energy generating resources.

Replacement Price – The price at which the applicable NSTAR Electric entity, acting in a commercially reasonable manner, purchases at the Delivery Points replacement supply for any Default Supply Service not delivered by Supplier in accordance with this Agreement, plus: (i) costs reasonably incurred by such NSTAR Electric entity in purchasing such replacement supply and (ii) additional transmission charges, if any, reasonably incurred by such NSTAR Electric entity to the Delivery Points, if applicable or, absent any such purchase, the market price at the Delivery Points for such Default Supply Service not delivered as determined by such NSTAR Electric entity in a commercially reasonable manner, which may be a market clearing price for such Default Supply Service; provided, however, in no event shall such NSTAR Electric entity be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Supplier’s costs.

Replacement Rule is defined in Section 14.2.

Residential Customer Group – BECo's residential customers in the following retail rate classes: R-1, R-2, R-3 and R-4, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule. Cambridge's residential customers in the following retail rate classes: R-1, R-2, R-3, R-4, R-5 and R-6, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule. Commonwealth's residential customers in the following retail rate classes: R-1, R-2, R-3, R-4, R-5 and R-6, each as in effect as of the date hereof and under a successor or new rate schedule, if any, available to customers meeting the eligibility characteristics of the predecessor rate schedule.

RMR Agreement – The form of agreement set forth in the NEPOOL Rules.

RPS Requirement –GIS Certificates representing the number of MWhs calculated as the product of (a) Delivered Energy (grossed up for PTF losses) to the applicable Customer Group and Load Zone during the Delivery Term, and (b1) 0.01, rounded up to the whole MWh for the period July 1, 2003 through December 31, 2003; or (b2) 0.015, rounded up to the whole MWh for the period January 1, 2004 through June 30, 2004.

Sales Price –The price at which Supplier, acting in a commercially reasonable manner, resells at the Delivery Points Energy which an NSTAR Electric entity fails to take delivery of, which failure was not excused in accordance with this Agreement, less any (i) costs reasonably incurred by Supplier in reselling such Energy and (ii) additional transmission charges, if any, reasonably incurred by Supplier in delivering such Energy to the third party purchasers, or absent any such resale, the market price at the Delivery Points for such Energy as determined by Supplier in a commercially reasonable manner, which price may be a market clearing price for such Energy; provided, however, in no event shall Supplier be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize any applicable NSTAR Electric entity's costs.

S&P – Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) and its successors.

SMD – The implementation in NEPOOL of a congestion management and multi-settlement system within structured markets, currently known as Standard Market Design, as set forth in NEPOOL Rules, and the NEPOOL Agreement, all as amended from time to time.

Supplier Guarantor –[], its successors and permitted assigns under a guaranty delivered to NSTAR Electric in accordance with Section 7.1.

Term is defined in Section 3.1.

ARTICLE 3. TERM AND SERVICE PROVISIONS

Section 3.1 Term

The term (the "Term") of this Agreement shall begin as of the date hereof and extend through and including the end of the Delivery Term, unless this Agreement is sooner terminated in accordance with the provisions hereof. The applicable provisions of this Agreement shall continue in effect in accordance with Section 23 and to the extent necessary to provide for final accounting, final billing, billing adjustments, resolution of any billing disputes, settlement of obligations related to Renewable Energy Portfolio Standards, realization of any collateral or other security, set-off, final payments, payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect, or other such provisions that by their terms or operation, survive the termination of this Agreement.

Section 3.2 Data Reporting

By 1:00 p.m. Eastern Prevailing Time of the second following Business Day after each day during the Delivery Term, NSTAR Electric and other applicable reporting entities will report to the ISO, all of NSTAR Electric's Load Assets and each applicable NSTAR Electric entity will report to Supplier its estimated hourly load responsibility for the Default Supply Service. Upon request by NSTAR Electric, Supplier shall provide NSTAR Electric with any and all ISO-generated reports and/or other data received by Supplier. Such information shall be provided electronically and at substantially the same frequency as received from the ISO. Each NSTAR Electric entity shall use reasonable efforts to notify Supplier of aggregate changes in Default Service load, as soon as practical, prior to any customer(s) commencing or ceasing to take Default Supply Service from such NSTAR Electric entity, in the event that such commencement or cessation will likely cause the number of MWs supplied by Supplier hereunder as Default Supply Service to be increased or decreased by 10 MWs or more

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Default Supply Service

Supplier shall sell and deliver to the Delivery Points and NSTAR Electric shall purchase Default Supply Service during the Delivery Term in accordance with this Agreement. Supplier understands that the Default Supply Service load requirements may change from time to time. Supplier's obligation to supply Default Supply Service requires Supplier to meet the hourly, daily and seasonal electricity load fluctuations associated with customer demand changes. Supplier will be responsible for forecasting its Default Supply Service load obligations on an hourly, daily, and monthly basis. Supplier is responsible for Default Supply Service regardless of changes in customer demand for any reason, including, but not limited to, daily load fluctuations, increased or decreased usage, demand-side management activities, extreme weather and similar events. Supplier's obligation hereunder to sell and provide the Default Supply Service shall not be conditioned upon the availability of any particular electric generating facilities, transmission facilities outside the PTF or power supply arrangements, whether owned by Supplier or third parties.

Section 4.2 NE-GIS Certificates

(a) Supplier agrees to provide NSTAR Electric with NE-GIS Certificates that qualify and meet the Renewable Energy Portfolio Standards in the amount of the RPS Requirement. Accordingly, within NE-GIS, Supplier will transfer and NSTAR Electric will accept NE-GIS Certificates to meet RPS Requirements and load obligation commensurate with the Default Supply Service provided.

(b) If Supplier has not transferred all or part of the NE-GIS Certificates required pursuant to clause (a) above (a "Shortfall") to the applicable certificate accounts of the NSTAR Electric entities by the close of the last trading period for NE-GIS Certificates applicable to Default Supply Service, Supplier agrees to pay NSTAR Electric an amount equal to the product of (i) the number of MWhs which constitute the Shortfall, and (ii) the default payment amount (determined on a MWh basis) set forth in the Renewable Energy Portfolio Standards.

(c) If Supplier has transferred more NE-GIS Certificates than required pursuant to clause (a) above to the NE-GIS accounts of NSTAR Electric as of [____], NSTAR Electric agrees to transfer to Supplier or Supplier's NE-GIS certificate account, as applicable and as soon as practicable thereafter, such excess amount of NE-GIS Certificates.

ARTICLE 5. MONTHLY PAYMENT AMOUNT AND BILLING

Section 5.1 Monthly Payment Amount

The Monthly Payment Amount payable by NSTAR Electric to Supplier in respect of each month during the Delivery Term shall be the sum of the product of: (a) the total Delivered Energy to each Customer Group in each Load Zone during such month, and (b) the Contract Rate applicable to such Customer Group in each Load Zone for such month.

Section 5.2 Auction Revenue Rights (ARRs)

It is the intent of the Parties that for each FTR Auction conducted by the ISO for month(s) wholly or partially within the Delivery Term, those ARR's associated only with NSTAR Electric's Default Supply Service shall be assigned or paid to Supplier. Provided, however, no NSTAR Electric entity shall be under any obligation to participate in any manner in any FTR Auction(s) in order to increase Auction Revenue Right quantities.

Section 5.3 Billing and Payment

(a) On or before the tenth (10th) day of each month during the Term of this Agreement, Supplier shall calculate the amount due and payable to Supplier pursuant to this Article 5 with respect to the immediately preceding month, and shall forward to NSTAR Electric an invoice, including such calculation, with sufficient detail for NSTAR Electric to verify the calculation and the total amount due and payable for the previous month. Because quantities determined under Section 6.3 are estimated, and subject to the reconciliation process described in Section 6.3(c), quantities used in calculations under this paragraph (a) shall be subject to adjustment, whether positive or negative, in subsequent invoices by application of the applicable Contract Rate to any such adjusted quantities. In the calculation referenced herein, Supplier agrees to utilize the load responsibility information provided by NSTAR Electric to the ISO, a copy of which shall be provided to Supplier.

(b) NSTAR Electric shall pay Supplier any amounts due and payable hereunder on or before the twentieth (20th) day after receipt of such invoice. All invoices shall be paid by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the payee thereof. If all or any part of any amount due and payable pursuant to paragraph (a) shall remain unpaid thereafter, interest shall thereafter accrue and be payable to Supplier on such unpaid amount at a rate per annum equal to the Prime Rate per annum in effect as of the date of such invoice; provided, however, that no interest shall accrue in respect of adjustment amounts calculated in accordance with Section 6.3(c).

(c) If a Party, in good faith, disputes an invoice, the disputing Party shall immediately notify the other Party of the basis for the dispute and pay the undisputed portion of such invoice no later than the due date. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Prime Rate per annum from and including the due date to but excluding the date paid. Any overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent payments with interest accrued at the Prime Rate until the date paid or deducted from and including the date of such overpayment to (but excluding) the date repaid or deducted by the Party receiving such overpayment.

Section 5.4 Taxes, Fees and Levies

Supplier shall be obligated to pay all present and future taxes, fees and levies, imposed on or associated with delivery of the Default Supply Service up to the Delivery Points. The NSTAR Electric entities shall be obligated to pay all present and future taxes, fees and levies, imposed on or associated with such Default Supply Service at and from the Delivery Points. NSTAR Electric shall provide Supplier with any certificate reasonably required by Supplier to evidence such sales for resale. NSTAR Electric shall have the right to all credits, deductions and other benefits associated with taxes paid by NSTAR Electric or reimbursed to Supplier by NSTAR Electric as described herein.

ARTICLE 6. DELIVERY, LOSSES AND DETERMINATION AND REPORTING OF HOURLY LOADS

Section 6.1 Delivery

(a) The Energy component of Default Supply Service shall be delivered to NSTAR Electric in the form of three-phase sixty-hertz alternating current at the Delivery Points. Supplier shall be responsible for all transmission and distribution costs associated with the use of transmission systems outside of NEPOOL and any local point-to-point charges and distribution charges needed to deliver the power to the Delivery Points. Supplier and NSTAR Electric shall enter into, and file with the ISO, all necessary load asset documents described in Section 6.4.

(b) Each NSTAR Electric entity will make arrangements for the transmission and distribution services necessary to deliver at NSTAR Electric's expense the Default Supply Service from the Delivery Point to each Customer Group and Load Zone, including NEPOOL Regional Network Service, which provides for transmission over PTF, and local network service from any applicable local transmission provider(s), which provides for transmission over non-PTF.

Section 6.2 Losses

Supplier shall be responsible for all transmission and distribution losses associated with the delivery of the electricity component of Default Supply Service to the meters of NSTAR Electric's ultimate customers taking service pursuant to the Default Service Tariff. Supplier shall provide NSTAR Electric at the Delivery Points with additional quantities of electricity and ancillary services to cover such losses from the Delivery Points to the meters of retail customers; the Monthly Payment Amount payable by the NSTAR Electric entities shall be calculated with reference to the quantity of Delivered Energy measured at the Delivery Points. The quantities required for this purpose in each hour of each month during the Delivery Term period shall be determined in accordance with the Estimation Process and NEPOOL's and NSTAR Electric's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) NSTAR Electric or its agent will estimate the total hourly load responsibility for the Default Supply Service provided by Supplier pursuant to this Agreement for each Customer Group in each Load Zone based upon average load profiles developed for each such Customer Group and each NSTAR Electric entity's actual total hourly load. Exhibit A, NSTAR Load Estimation and Reconciliation, attached and incorporated herein by reference, provides a general description of the estimation process that each NSTAR Electric entity or its agent will initially employ (the "Estimation Process"). NSTAR Electric reserves the right to modify the Estimation Process in the future, provided that any such modification shall be designed to enhance the Estimation Process.

(b) NSTAR Electric or its agent will report to the ISO and to Supplier, Supplier's hourly load responsibility for each Load Asset. NSTAR Electric or its agent shall report to the ISO and to

Supplier, Supplier's hourly-adjusted Default Supply Service loads by 1:00 p.m. Eastern Prevailing Time of the second following Business Day after each day during the Delivery Term.

(c) To refine the estimates of Supplier's monthly load developed by the Estimation Process, NSTAR Electric shall reconcile the original estimate of Supplier's loads to actual customer usage based on meter reads. Appendix A, attached and incorporated herein by reference, also provides a general description of this reconciliation process.

Section 6.4 NEPOOL Market System

Supplier represents and warrants that it is a NEPOOL member and agrees to remain a NEPOOL member throughout the Term. As soon as possible prior to the start of the Delivery Term, and as required throughout the Delivery Term, each NSTAR Electric entity shall complete an Asset Registration Letter, as described in NEPOOL Manual 28 Section 12, for Electrical Load and Installed Capability for Load Assets ("Registration Letter") and forward to the ISO to be entered into the NEPOOL Market System. In the Registration Letter each NSTAR Electric entity shall assign applicable Load Asset Ownership Shares for all of its Load Assets listed in the Default Supply Service to Supplier for the Delivery Term. Each NSTAR Electric entity and Supplier further agree to promptly deliver to each other copies of all correspondence with the ISO or NEPOOL related to this Agreement, and/or the Default Supply Service provided hereunder.

ARTICLE 7. SECURITY

Section 7.1 Guaranty

In order to secure performance by Supplier in accordance with this Agreement, Supplier shall provide NSTAR Electric, upon the execution of this Agreement, a written performance guarantee, in the form attached hereto as Appendix C, properly executed by Supplier Guarantor.

Section 7.2 Irrevocable Letter of Credit

As additional security for performance by Supplier in accordance with this Agreement, Supplier shall provide NSTAR Electric, on or before July 1, 2003, an irrevocable letter of credit or other security instrument in a form acceptable to NSTAR Electric and that (i) is in the amount of Forty Million United States Dollars (\$40,000,000) prorated to the amount of Load supplied, (ii) is issued by a major U.S. commercial bank or the U.S. branch office of a major foreign bank assigned, in either case, whose senior unsecured debt obligations have been rated at least (A) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (B) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both ("Qualified Bank"), and (iii) which will allow NSTAR Electric to draw on the letter of credit in an amount equal to the Settlement Amount upon the designation of an Early Termination Date. Supplier shall at all times during the Delivery Term maintain, for the benefit of NSTAR Electric, a letter of credit or other security instrument, which complies with the requirements set forth in this Section 7.2.

Section 7.3 Additional Assurance

If at any time during the Term of this Agreement, the credit rating assigned to the senior unsecured debt obligations of Supplier Guarantor or any NSTAR Electric entity falls below "BBB-" (as assigned by S&P) or its equivalent from Moody's (the "Trigger Event"), Supplier or the applicable NSTAR Electric entity (the "Triggering Entity") shall provide credit support to the other Party (the "Demanding Party"), within three (3) Business Days after the Demanding Party's written request therefor, in any of the following

forms, in an amount equal to the Additional Assurance Amount calculated by the Demanding Party pursuant to Section 7.4 of this Agreement (less the available undrawn amount of any letter of credit or other security instrument provided in accordance with Section 7.2 of this Agreement and less the amount of any such additional assurance previously provided in accordance with this Section 7.3 and then held by such Demanding Party) determined as of the date of the Trigger Event: (i) a letter of credit issued by a major U.S. commercial bank or the U.S. branch office of a major foreign bank assigned, in either case, whose senior unsecured debt obligations have been rated at least (A) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (B) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both, and which will allow the Demanding Party to draw on the letter of credit in the full amount of the Additional Assurance Amount (as defined in Section 7.4) upon the occurrence of an Event of Default; or (ii) such other credit support proposed by the Triggering Party that is reasonably acceptable to the Demanding Party.

Section 7.4 Additional Assurance Amount

For purposes of this Article 7, if Supplier is the Triggering Party, the "Additional Assurance Amount" shall be an amount equal to the positive difference, if any, between the (a) replacement value of this Agreement, calculated with reference to the Replacement Price and the Forecast, and (b) the contract value of this Agreement calculated with reference to the Contract Rate and the Forecast (the "Contract Value"). If an NSTAR Electric entity is the Triggering Party, then the "Additional Assurance Amount" shall be the positive difference, if any, between the (x) Contract Value, and (y) market value of this Agreement determined with reference to the Sales Price and the Forecast, determined by Supplier in good faith and in a commercially reasonable manner, all determined solely with respect to the individual NSTAR Electric Triggering Party. For purposes of determining the Settlement Amount pursuant to this Section 7.4, the quantity of Energy to be delivered in respect of Default Supply Service shall be based upon a forecast for the balance of the Delivery Term by the Demanding Party in good faith and in a commercially reasonable manner (the "Forecast").

ARTICLE 8. DEFAULT AND REMEDIES

Section 8.1 Events of Default

Any one or more of the following shall constitute an "Event of Default" hereunder with respect to any NSTAR Electric entities, the Supplier or the Supplier Guarantor (the "Defaulting Party"):

- (a) The failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;
- (b) Any representation or warranty made by such Defaulting Party herein, or, with respect to Supplier, by Supplier Guarantor in the Guaranty, is false or misleading in any material respect when made or when deemed made or repeated;
- (c) With respect to Supplier, the failure to satisfy any material obligation, including but not limited to failure to provide Products, failure to satisfy any obligation under the NEPOOL Agreement, the NEPOOL Tariff, the Market Rules and associated Manuals, or ISO-NE Administrative Procedures, failure to satisfy any ISO or NEPOOL financial assurance policies or failure to remain a member of NEPOOL throughout the Delivery term, or the failure to satisfy any obligation with respect to the ISO or NEPOOL that affects the Supplier's right or ability to engage in transactions at the ISO;
- (d) The failure to provide or maintain the Guaranty or the Additional Assurance required pursuant to Article 7 of this Agreement;

(e) The failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default as specified above) or, with respect to Supplier, by Supplier Guarantor in the Guaranty if such failure is not remedied within three (3) Business Days after written notice; or

(f) Such entity or, with respect to Supplier, Supplier Guarantor: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

Section 8.2 Right of Early Termination Upon Event of Default

If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the aggrieved Party (the "Non-Defaulting Party") shall have the right to designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date ("Early Termination Date"). The amount payable in respect of an Event of Default and any Early Termination of this Agreement shall be determined pursuant to Section 8.3.

Section 8.3 Remedies Upon an Event of Default; Settlement Amount

(a) Upon the occurrence of an Event of Default, the Non-Defaulting Party shall calculate a Settlement Amount. The "Settlement Amount" shall be an amount equal to the "Additional Assurance Amount" calculated by the Non-Defaulting Party in accordance with Section 7.4 hereof plus, without duplication, its total losses and costs in connection with such default, including losses and costs associated with an early termination of this Agreement pursuant to Section 8.2, any loss of bargain, cost of funding or, at the election of such Non-Defaulting Party but without duplication and consistent with such Non-Defaulting Party's obligation to mitigate such losses and costs, loss or cost (including employee and consultant costs and reasonable attorneys' fees) incurred as a result of its obtaining, terminating, establishing or reestablishing any hedge in connection with such transactions or replacement of such transactions, and any losses and costs in respect of performance (or failure to perform) under the Agreement on or before the time of such termination. For purposes of determining the Settlement Amount pursuant to this Section 8.3(a), the applicable quantity of Default Supply Service shall be based upon the Forecast and the Defaulting Party shall be deemed to be the "Triggering Party". The Non-Defaulting Party shall also have the right to pursue specific performance with respect to an Event of Default.

(b) The Non-Defaulting Party shall be entitled to accelerate all amounts owing by the Defaulting Party under this Agreement (whether or not then due) and shall be entitled to withhold and set off any amounts owed by the Non-Defaulting Party to the Defaulting Party against any such accelerated payments and any other amounts owed by the Defaulting Party to the Non-Defaulting Party, including any Settlement Amount payable as a result of any early termination of this Agreement.

Section 8.4 Notice of Payment of Settlement Amount

As soon as practicable after an Early Termination Date, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Settlement Amount. The notice shall include a written statement explaining in reasonable detail the calculation of such amount and shall indicate the underlying assumptions, quotations, prices and forecasts, used to calculate the same. The Settlement

Amount shall be paid by the Party owing such amount within two (2) Business Days after such notice. If the Defaulting Party disagrees with the calculation of the Settlement Amount, the undisputed portion of such amount shall be paid and the Defaulting Party shall have the right to dispute the same through applicable legal recourse.

Section 8.5 Obligations Following Expiration or Termination

Upon the termination or expiration of this Agreement, in addition to such rights and obligations enumerated elsewhere in this Agreement, the grant of any and all right and interest to Supplier to supply the Default Supply Service shall cease, and NSTAR Electric and Supplier shall immediately make all necessary filings with NEPOOL and the ISO and perform all other acts necessary to transfer all such rights and interests back to NSTAR Electric.

ARTICLE 9. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 9.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. Such notice shall be sent by facsimile or electronic messaging (confirmed by telephone), courier, personally delivered or mailed, postage prepaid, to the representative of the other Party designated in this Article 9. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile or electronic messaging, (ii) when actually received if delivered by courier, overnight mail or personal delivery, or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

Notices and other communications by Supplier to NSTAR Electric shall be addressed to:

Ms. Rose Ann Pelletier
Director, Power and Transmission Contracts
NSTAR Electric & Gas Corporation
One NSTAR Way NE220
Westwood, MA 02090
(781) 441-8008
(781) 441-8053 (fax)

With a copy to:

NSTAR Electric & Gas Corporation
800 Boylston Street
Boston, MA 02199
Attention: Timothy Cronin
(617) 424-2104
(617) 424-2733 (fax)

Notices and other communications by NSTAR Electric to Supplier shall be addressed to:

[Name]
[Company]
[Address]
[City, State and Zip]
[Phone]
[Fax]

With a copy to:

Any Party may change its representative by written notice to the other Parties.

Section 9.2 Authority of Representative

The Parties' representatives designated in Section 9.1 shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. The Parties' representatives shall not, however, have the authority to amend, modify, or waive any provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to Article 17.

ARTICLE 10. LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES

Section 10.1 Limitation on Consequential, Incidental and Indirect Damages

TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER NSTAR ELECTRIC NOR SUPPLIER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, UNDER ANY INDEMNITY PROVISION OR ANY OTHER THEORY OF RECOVERY. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, UNLESS OTHERWISE SPECIFIED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. THE PROVISIONS OF THIS SECTION 10.1 SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 10.2 Indemnification

(a) Each Party shall indemnify, defend and hold harmless the other Party from and against any Claims arising from or out of any event, circumstance, act or incident occurring or existing during the period when control and title to Product is vested in such Party as provided in Section 10.4.

(b) If any Party intends to seek indemnification under this Section 10.2 from the other Party with respect to any Claim, the Party seeking indemnification shall give the other Party notice of such Claim within fifteen (15) days of the commencement of, or actual knowledge of, such Claim. Such Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such Claim. The Party seeking indemnification shall not compromise or settle any such Claim without the prior consent of the other Party, which consent shall not be unreasonably withheld.

(c) Notwithstanding any provision to the contrary herein, the Parties agree that Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company shall not be jointly and severally liable for the obligations hereunder.

Section 10.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between NSTAR Electric and Supplier other than that of Supplier as independent contractors for the sale of Default Supply Service, and NSTAR Electric as principal and purchaser of such Service. Neither Party shall be deemed to be the agent of the other Party for any purpose by reason of this Agreement, and no partnership or joint venture or fiduciary relationship between the Parties is intended to be created hereby.

Section 10.4 Title; Risk of Loss

Title to and risk of loss related to the Default Supply Service shall transfer from Supplier to the applicable NSTAR Electric entity at the Delivery Point. Supplier warrants that it will deliver to NSTAR Electric the Default Supply Service free and clear of all Claims or any interest therein or thereto by any person or entity arising prior to the Delivery Point.

ARTICLE 11. ASSIGNMENT

Section 11.1 General Prohibition Against Assignments

Except as provided in Section 11.2 below, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 11.2 Exceptions to Prohibition Against Assignments

Either Party may, without the other Party's prior written consent, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, provided that such Party shall not be relieved of any obligation hereunder; or (ii) transfer or assign this agreement to any person or entity succeeding by merger or by acquisition of all or substantially all of the assets of the assigning Party (provided such person or entity shall have a net worth and creditworthiness equal to or higher than that of such assigning Party); provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof.

ARTICLE 12. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective permitted successors and assigns.

ARTICLE 13. WAIVERS

The failure of either Party to insist in any one or more instance upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, except to the extent such waiver is in writing and signed by an authorized representative of such Party.

ARTICLE 14. REGULATION

Section 14.1 Laws and Regulations

Each Party shall perform its obligations hereunder in accordance with applicable law, rules and regulations. The rates, charges, terms and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act, as either section may be amended or superseded, absent the mutual written agreement of the Parties. It is the intent of this Section that, to the maximum extent permitted by law, the rates, charges, terms and conditions of this Agreement shall not be subject to such change.

Section 14.2 NEPOOL Requirements

This Agreement must comply with all NEPOOL Rules. If, during the Term, the NEPOOL Rules are terminated or amended in a manner that would eliminate or materially alter a NEPOOL Rule affecting a material right or obligation of a Party hereunder, or if such a NEPOOL Rule is eliminated or materially altered by NEPOOL or the ISO, the Parties agree to negotiate in good faith in an attempt to amend this Agreement to incorporate a replacement rule ("Replacement Rule"). The intent of the Parties is that any such Replacement Rule reflect, as closely as possible, the intent, substance and effect of the NEPOOL Rule being replaced as such NEPOOL Rule was in effect prior to such termination or amendment of the NEPOOL Rule(s) or elimination or alteration of the NEPOOL Rule(s), and that the adoption of any Replacement Rule shall not alter (i) the obligations of the Parties pursuant to Article 4 or 5 of this Agreement, or (ii) the Contract Rate. The Parties agree to negotiate in good faith to restore this Agreement to embody the Parties' original intent and economic effect.

Section 14.3 Uniform Disclosure Requirements

On a calendar quarterly basis, Supplier shall provide NSTAR Electric information pertaining to power plant emissions, fuel types, labor information and any other information to the extent required by NSTAR Electric to comply with the uniform disclosure requirements contained in 220 CMR 11.00 and any other such disclosure regulations which may be imposed upon NSTAR Electric during the Term, as such disclosure requirements apply to Default Supply Service provided by Supplier pursuant to this Agreement.

Section 14.4 Competitive Affiliates of Supplier

If a Competitive Affiliate of Supplier exists during the Term, Supplier shall not disclose any information received from NSTAR Electric or regarding this Agreement, or assign any interest hereunder, to any such Competitive Affiliate. The term "Competitive Affiliate" shall be as defined in 220 C.M.R 12, and shall refer to an entity that is engaged in the sale of electricity to customers in Massachusetts.

Section 14.5 Sales Tariffs

Each party agrees that if it seeks to amend any applicable power sales tariff during the Term, such amendment will not in any way affect this Agreement without the prior written consent of the other Party. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement.

ARTICLE 15. INTERPRETATION

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the Commonwealth of Massachusetts, without giving effect to its conflict of laws provisions.

ARTICLE 16. SEVERABILITY

If any provision or provisions of this Agreement shall be held invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby; and the Parties hereby agree to effect such modifications to this Agreement as shall be reasonably necessary in order to give effect to the original intention of the Parties.

ARTICLE 17. MODIFICATIONS

No modification to this Agreement will be binding on any Party unless it is in writing and signed by all Parties.

ARTICLE 18. REPRESENTATIONS AND WARRANTIES

Supplier and each NSTAR Electric entity represents and warrants to the other that:

- (a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) It has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (d) This Agreement, and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses;
- (e) It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it, which would result in it being or becoming bankrupt; and
- (f) There is not pending or, to its knowledge, threatened against it any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement.

ARTICLE 19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. HEADINGS; CONSTRUCTION

Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation" and the terms "herein", "hereunder", "herewith" and "hereof" are references to this Agreement, taken as a whole. The Parties acknowledge that this Agreement is the result of joint discussion and negotiation. Each Party contributed to the substantive provisions hereof and no Party can be identified as the sole drafter hereof.

ARTICLE 21. CONFIDENTIALITY

All Confidential Information shall be held and treated by the Parties and their agents in confidence, used solely in connection with this Agreement, and shall not, except as hereinafter provided, be disclosed without the other Party's prior written consent. Notwithstanding the foregoing, this Agreement may be disclosed to a third party (a) for the purpose of effectuating the supply, transmission and/or distribution of Energy or any other product or service to be delivered pursuant to this Agreement, (b) to regulatory authorities of competent jurisdiction, or as otherwise required by applicable law, regulation or order, and (c) to third parties in connection with a merger, acquisition/disposition and financing transactions, or audit, provided that any such third party shall have signed a confidentiality agreement with the disclosing party containing customary terms and conditions that protect against the disclosure of the Confidential Information, that strictly limit the recipient's use of such information only for the purpose of the subject transaction and that provide for remedies for non-compliance. In the event that either Party ("Disclosing Party") is requested or required to disclose any Confidential Information pursuant to subsections (a) and (b) above, the Disclosing Party shall provide the other Party with prompt written notice of any such request or requirement, so that the other Party may seek an appropriate protective order, other confidentiality arrangement or waive compliance with the provisions of this Agreement. If, failing the entry of a protective order, other confidentiality arrangement or the receipt of a waiver hereunder, the Disclosing Party, in the opinion of counsel, is compelled to disclose Confidential Information, the Disclosing Party may disclose that portion of the Confidential Information which the Disclosing Party's counsel advises that the Disclosing Party is compelled to disclose; provided, that any such disclosure includes a request for confidential treatment of this Agreement and the request for redaction of the Confidential Information from the copies of this Agreement which are placed in the public record or otherwise made available. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation. In addition, to the foregoing, the disclosing Party shall indemnify, defend and hold harmless the other Party from and against any Claims, threatened or filed, and any losses, damages, expenses, attorneys' fees or court costs incurred by such Party in connection with or arising directly or indirectly from or out of the disclosing Party's disclosure of the Confidential Information to third parties except as permitted by subsection (c) above.

ARTICLE 22. AUDIT

Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the other Party statements evidencing the quantities of Energy delivered at the Delivery Points. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments

thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid.

ARTICLE 23. SURVIVAL

The provisions of Article 5, Sections 3.2, 8.3, 8.4, Article 10, Section 14.4, and Articles 21, 22 and 24 hereof, and to the extent any Section of this Agreement specifies by its terms that it survives termination, such Section shall survive the termination or expiration of this Agreement; provided, however, that in no event shall the Term or any Provision of this Agreement extend beyond the second (2nd) anniversary of the last day of the Delivery Term.

ARTICLE 24. DISPUTE RESOLUTION

Section 24.1 Resolution by Officers of the Parties

In the event of any dispute between the Parties arising out of or relating to this Agreement, the Parties shall refer the matter to their duly authorized officers for resolution. Should such officers fail to resolve the dispute within ten (10) days of referral, then either party may seek such further relief as it deems appropriate, subject to the limitations set forth in this Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement on their behalf as of the date first above written.

BOSTON EDISON COMPANY

By: _____
Name: _____
Title: _____

CAMBRIDGE ELECTRIC LIGHT COMPANY

By: _____
Name: _____
Title: _____

COMMONWEALTH ELECTRIC COMPANY

By: _____
Name: _____
Title: _____

APPENDIX A.

NSTAR LOAD ESTIMATION AND RECONCILIATION

1. General Description

Each business day, NSTAR calculates its territory loads for every hour of the previous day(s) using actual hourly generation and interchange metered values. The territory loads are defined as the total customer load plus non-PTF transmission and distribution losses for the Load Zones within each service territory (Boston Edison NEMA, Boston Edison SEMA, Commonwealth (SEMA) & Cambridge (NEMA)). The territory loads are then input to the Load Estimation process.

Load Estimation at NSTAR ELECTRIC is billing account based. For each active account for the day to be estimated, a daily billing load is developed. This is accomplished in one of two ways. First, if the account has been billed, the latest bill information (account, number of billing days, total kWh, supplier ID) is used to compute a daily average use (total kWh/number of billing days). Second, if the account is active but has not been billed (new account), a daily rate average is used. The daily rate average is based on the past 24 months billing for all customers by rate.

The billing file used in this process is a SAS dataset created each day upon the completion of nightly cycle billing through the Customer Information System ("CIS"). This SAS dataset combines three of the Companies' four billing systems, computer billed accounts, time-of-use billed accounts, and special ledger accounts, into one file. A fourth billing system, municipal lighting, is incorporated by the load estimation process. The SAS dataset and municipal lighting files include the Load Zone assignment for each account.

Once daily billing loads are developed using the CIS data, line losses are added to each account. The losses are by rate code and are based on NSTAR studies. Adding the line losses to the daily billing load for each account creates the daily load for estimation per account.

Load shapes are applied to the daily load for estimation per account. The load shapes are based on load research data and are broken into weekday load shape and weekend load shape. The application of the load shape distributes the daily load for estimation for each account over 24 hours.

Telemetered accounts (when available) are eliminated at this point. Telemetered accounts are added back later in the process.

Account loads for estimation are then aggregated by supplier ID by Load Zone. When telemetered load is available, it will be scaled for line losses and added back in at this point. Hourly ratios are now developed for each supplier based on the suppliers estimated total load to the total estimated load within each Load Zone.

Metered wholesale load is subtracted from the total territory load (for each Load Zone) for purposes of estimation. The hourly supplier ratios developed from CIS data are applied to the net territory load (for each Load Zone) to calculate each supplier's contribution to the Load Zone load. Metered wholesale load is then added back into the total.

Final estimated supplier values (by Load Zone) are then posted to the ISO Reporting Application ("IRA") System for transmission to ISO-NE.

2. Reporting Of Suppliers' Loads To The ISO

The total hourly load estimates for each supplier's Load Assets are reported to the ISO, in accordance with the ISO standards, for use in the ISO wholesale settlement process.

3. Monthly Reconciliation

Under SMD, the ISO's meter adjustment process requires the re-submittal of hourly data. Territory loads (by Load Zone) may change due to corrections to hourly generation and interchange metered values. Note: the day after reporting of loads may have required directly metered values to be estimated because of equipment / communication problems. These changes will be submitted to the ISO within a 45-day period following the ISO's bill for the month. For example, if the ISO issues its March 2003 bill on April 15, Participants must submit revised hourly data for interchange metering by May 30, 2003. The revised hourly meter data will result in changes to NSTAR's calculated hourly territory load values (Boston Edison NEMA, Boston Edison SEMA, Commonwealth (SEMA) & Cambridge (NEMA)). Revised territory loads are then input to the Load Reconciliation process.

Suppliers' estimated loads must be reconciled to their customers' metered usage and submitted to the ISO 80 days after the ISO's bill for the month. Each distribution company uses customers' actual meter readings, to the extent that they are available, to re-estimate each supplier's hourly loads (by Load Zone) and report the appropriate load assets to the ISO.

The reconciliation methodology is same as the load estimation methodology (actual billing data used instead of latest billing data).

For time of use customers, the actual interval data for the calendar month will be used for reconciliation when available.

Each supplier's reconciled hourly loads are reported to the ISO for resettlement.

4. ICAP

SMD also requires ICAP contributions (by Load Asset) to be calculated each day based on the previous power year's historical peak. Reference Market Rule 1 and related Market Manuals for specific details.

APPENDIX B. CONTRACT RATE

Boston Edison Company

NEMA Load Zone	Residential Contract Rate	Commercial Contract Rate	Industrial Contract Rate
July 2003	¢/kWh	¢/kWh	¢/kWh
August 2003	¢/kWh	¢/kWh	¢/kWh
September 2003	¢/kWh	¢/kWh	¢/kWh
October 2003	¢/kWh	¢/kWh	¢/kWh
November 2003	¢/kWh	¢/kWh	¢/kWh
December 2003	¢/kWh	¢/kWh	¢/kWh
January 2004	¢/kWh	¢/kWh	¢/kWh
February 2004	¢/kWh	¢/kWh	¢/kWh
March 2004	¢/kWh	¢/kWh	¢/kWh
April 2004	¢/kWh	¢/kWh	¢/kWh
May 2004	¢/kWh	¢/kWh	¢/kWh
June 2004	¢/kWh	¢/kWh	¢/kWh

Boston Edison Company

SEMA Load Zone	Residential Contract Rate	Commercial Contract Rate	Industrial Contract Rate
July 2003	¢/kWh	¢/kWh	¢/kWh
August 2003	¢/kWh	¢/kWh	¢/kWh
September 2003	¢/kWh	¢/kWh	¢/kWh
October 2003	¢/kWh	¢/kWh	¢/kWh
November 2003	¢/kWh	¢/kWh	¢/kWh
December 2003	¢/kWh	¢/kWh	¢/kWh
January 2004	¢/kWh	¢/kWh	¢/kWh
February 2004	¢/kWh	¢/kWh	¢/kWh
March 2004	¢/kWh	¢/kWh	¢/kWh
April 2004	¢/kWh	¢/kWh	¢/kWh
May 2004	¢/kWh	¢/kWh	¢/kWh
June 2004	¢/kWh	¢/kWh	¢/kWh

Cambridge Electric Light Company

NEMA Load Zone	Residential Contract Rate	Commercial Contract Rate	Industrial Contract Rate
July 2003	¢/kWh	¢/kWh	¢/kWh
August 2003	¢/kWh	¢/kWh	¢/kWh
September 2003	¢/kWh	¢/kWh	¢/kWh
October 2003	¢/kWh	¢/kWh	¢/kWh
November 2003	¢/kWh	¢/kWh	¢/kWh
December 2003	¢/kWh	¢/kWh	¢/kWh
January 2004	¢/kWh	¢/kWh	¢/kWh
February 2004	¢/kWh	¢/kWh	¢/kWh
March 2004	¢/kWh	¢/kWh	¢/kWh
April 2004	¢/kWh	¢/kWh	¢/kWh
May 2004	¢/kWh	¢/kWh	¢/kWh
June 2004	¢/kWh	¢/kWh	¢/kWh

Commonwealth Electric Company

SEMA Load Zone	Residential Contract Rate	Commercial Contract Rate	Industrial Contract Rate
July 2003	¢/kWh	¢/kWh	¢/kWh
August 2003	¢/kWh	¢/kWh	¢/kWh
September 2003	¢/kWh	¢/kWh	¢/kWh
October 2003	¢/kWh	¢/kWh	¢/kWh
November 2003	¢/kWh	¢/kWh	¢/kWh
December 2003	¢/kWh	¢/kWh	¢/kWh
January 2004	¢/kWh	¢/kWh	¢/kWh
February 2004	¢/kWh	¢/kWh	¢/kWh
March 2004	¢/kWh	¢/kWh	¢/kWh
April 2004	¢/kWh	¢/kWh	¢/kWh
May 2004	¢/kWh	¢/kWh	¢/kWh
June 2004	¢/kWh	¢/kWh	¢/kWh

APPENDIX C. GUARANTEE AGREEMENT

This Guaranty Agreement (the "Guarantee") is made by ("Guarantor"), a corporation, in favor of Boston Edison Company ("BEC"), Commonwealth Electric Company ("Commonwealth") and Cambridge Electric Light Company ("Cambridge") (together, "NSTAR Electric") all wholly owned subsidiaries of NSTAR, with a principal place of business at 800 Boylston Street, Boston, MA 02199 ("Counterparty").

WHEREAS, (""), a corporation ("") and Counterparty are parties to that certain Default Service Power Supply Agreement ("Agreement") dated as of (the "Agreement")

WHEREAS, Guarantor is the direct or indirect parent of [____], will receive substantial and direct benefits from the extensions of credit contemplated by the Agreement and has agreed to enter into this Guaranty to provide assurance for the performance of [____] obligations in connection with the Agreement and to induce the Counterparty to enter into the Agreement; and

WHEREAS, the execution and delivery of this Guaranty is a condition to Counterparty's further performance of its obligations under the terms of the Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. **Guaranty.** Guarantor hereby unconditionally and absolutely guarantees the punctual payment when due of [____] payment obligations arising under the Agreement, as such Agreement may be amended or modified from time to time, (collectively, the "Guaranteed Obligations"). Guarantor's obligations and liability under this Guaranty shall be limited to payment obligations only and Guarantor shall have no obligation to perform under the Agreement, including, without limitation, to sell, deliver, supply or transport gas, electricity or any other commodity.

2. **Guaranty Absolute.** The liability of Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

- (a) any lack of validity or enforceability of or defect or deficiency applicable to [____] in any Agreement or any other documents executed in connection with any Agreement; or
- (b) any modification, extension or waiver of any of the terms of any Agreement; or
- (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Agreement or any other agreement or instrument executed in connection therewith; or
- (d) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Counterparty to exercise, in whole or in part, any right or remedy held by Counterparty with respect to any Agreement or any transaction under any Agreement; or
- (e) any change in the existence, structure or ownership of Guarantor or [____] or any insolvency, bankruptcy, reorganization or other similar proceeding affecting [____] or its assets.

The obligations of the Guarantor hereunder are several from [____] or any other person, and are primary obligations concerning which the Guarantor is the principal obligor. There are no conditions

precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Counterparty, in order to enforce payment by Guarantor under this Guaranty, to show any proof of [] default, to exhaust its remedies against [], any other guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Counterparty upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of [] or any other guarantor, or upon or as a result of the appointment of a receiver or conservator of, or trustee for [] or any other guarantor or any substantial part of its property or otherwise, all as though such payment or payments had not been made.

3. **Waiver.** This is a guaranty of payment and not of collection. Guarantor hereby waives:

- (a) notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Counterparty in reliance hereon or in connection herewith;
- (b) notice of the entry into any Agreement between [] and Counterparty and of any amendments, supplements or modifications thereto; or any waiver of consent under any Agreement, including waivers of the payment and performance of the obligations thereunder;
- (c) notice of any increase, reduction or rearrangement of [] obligations under any Agreement or any extension of time for the payment of any sums due and payable to the Counterparty under any Agreement;
- (d) except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest or any other notice with respect to the Guaranteed Obligations; and
- (e) any requirement that suit be brought against, or any other action by Counterparty be taken against, or any notice of default or other notice be given to, or any demand be made on [] or any other person, or that any other action be taken or not taken as a condition to Guarantor's liability for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantor.

4. **Expenses.** Subject to the limit on Guarantor's liability hereunder set forth in Section 1, Guarantor agrees to pay on demand any and all out-of-pocket costs, including reasonable legal fees and expenses, and other expenses incurred by Counterparty in enforcing Guarantor's payment obligations under this Guaranty; provided that the Guarantor shall not be liable for any expenses of Counterparty if it is not successful in such enforcement action.

5. **Subrogation.** Guarantor shall be subrogated to all rights of Counterparty against [] in respect of any amounts paid by Guarantor pursuant to the Guaranty, provided that Guarantor waives any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise (including, without limitation, any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509, or otherwise), reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Counterparty against any collateral which Counterparty now has or acquires, until all of the Guaranteed Obligations shall have been irrevocably paid to Counterparty in full. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Guaranteed Obligations in default shall not have been paid in full, such amount shall be held in trust for the benefit of Counterparty and shall forthwith be paid to Counterparty to be applied to the Guaranteed Obligations. If (a) the Guarantor shall perform and shall make payment to Counterparty of all or any part of the Guaranteed Obligations and (b) all the Guaranteed

Obligations shall have been paid in full, Counterparty shall, at the Guarantor's request, execute and deliver to the Guarantor appropriate documents necessary to evidence the transfer by subrogation to the Guarantor of any interest in the Guaranteed Obligations resulting from such payment by Guarantor.

6. **Reservation of Defenses.** Guarantor agrees that except as expressly set forth herein, it will remain bound upon this Guarantee notwithstanding any defenses which, pursuant to the laws of suretyship, would otherwise relieve a guarantor of its obligations under a Guarantee. Guarantor does reserve the right to assert defenses which [] may have to payment of any Guaranteed Obligation other than defenses arising from the bankruptcy or insolvency of [] and other defenses expressly waived hereby.

7. **Notices.** All demands, notices and other communications provided for hereunder shall, unless otherwise specifically provided herein, (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon receipt, when mailed by U.S. mail, registered or certified, return receipt requested, postage prepaid, facsimile or personally delivered. Notices shall be sent to the following addresses:

If to Counterparty:

Ms. Rose Ann Pelletier
Director, Power and Transmission Contracts
NSTAR Electric & Gas Corporation
One NSTAR Way NE220
Westwood, MA 02090
(781) 441-8008
(781) 441-8053 (fax)

With a copy to:

NSTAR Electric & Gas Corporation
800 Boylston Street
Boston, MA 02199
Attention: Timothy Cronin
(671) 424-2104
(617) 424-2733 (fax)

If to Guarantor:

with a copy to:

8. **Demand and Payment.** Any demand by Counterparty for payment hereunder shall be in writing, signed by a duly authorized representative of Counterparty and delivered to the Guarantor pursuant to Section 7 hereof, and shall (a) reference this Guaranty, (b) specifically identify [], the nature of the default, the Guaranteed Obligations to be paid and the amount of such Guaranteed Obligations and (c) set forth payment instructions, including bank name, routing number and bank account number. There are no other requirements of notice, presentment or demand. Guarantor shall pay, or cause to be paid, such Guaranteed Obligations within ten (10) business days of receipt of such demand.

9. **No Waiver; Remedies.** Except as to applicable statutes of limitation, no failure on the part of Counterparty to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof

or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

10. **Term: Termination.** This Guaranty shall continue in full force and effect until all of the Guaranteed Obligations are satisfied.

11. **Assignment: Successors and Assigns.** Counterparty may, upon notice to Guarantor, assign its rights hereunder without the consent of Guarantor. Guarantor may assign its rights hereunder with the prior written consent of Counterparty, which consent shall not be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.

12. **Amendments, Etc.** A written amendment executed by the Guarantor only may (a) increase the guaranty limit specified in Section I and/or (b) extend the termination date of this Guaranty. No other amendment of this Guaranty shall be effective unless in writing and signed by Guarantor and Counterparty. No waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless such waiver shall be in writing and signed by Counterparty. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.

13. **Captions.** The captions in this Guaranty have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and provisions of this Guaranty.

14. **Representation and Warranties.**

The Guarantor represents and warrants as follows:

- (a) The Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power to execute, deliver and perform this Guaranty.
- (b) The execution, delivery and performance of this Guaranty have been and remain duly authorized by all necessary corporate action and do not contravene the Guarantor's constitutional documents or any contractual restriction binding on the Guarantor or its assets.
- (c) This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency) reorganization and other laws of general applicability relating to or affecting Counterparty's rights and to general equity principles.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this ____ day of _____, 2003 ("Effective Date").

Guarantor:

By: _____

Name:

Title:

APPENDIX B
PROPOSAL FORM

1. General Information

Name of Supplier	
Principal contact person Name Title Company Mailing address Telephone number Fax number E-mail address	
Secondary contact person (if any) Name Title Company Mailing address Telephone number Fax number E-mail address	
Legal status of Supplier (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State and date of incorporation, residency or organization	
The names of all general and limited partners (if Supplier is a partnership)	
Description of Supplier and all relevant affiliated entities and joint ventures, including any details regarding financial limitations between partners or affiliates	
Name of financial guarantor	
Statement of relevant experience	

2. Financial Information

Current long term and short term debt rating for Supplier (include ratings and names of rating agencies).	
Date Supplier's last fiscal year ended.	
Total revenue for Supplier for the most recent fiscal year.	
Total net income for Supplier for the most recent fiscal year.	
Total assets for Supplier as of the close of the most recent fiscal year.	

3. Defaults and Adverse Situations

<p>Describe, in detail, any situation in which Supplier (either alone or as part of a joint venture), or an affiliate of Supplier, defaulted or was alleged to be in noncompliance of: (i) its contractual obligations to deliver energy and/or capacity at wholesale, or (ii) its financial obligations under any contract for the purchase or sale of electricity, within the past five years.</p> <p>Explain the situation, its outcome and all other relevant facts associated with the event described.</p> <p>Please also identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.</p>	
<p>Describe any facts that might be expected to adversely affect its ability to provide the service(s) bid herein as provided for in the Request for Proposal.</p>	

4. NEPOOL AND POWER SUPPLY EXPERIENCE

Is Supplier a member of NEPOOL?	
Does Supplier have a NEPOOL settlement account?	
Describe Supplier's experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region.	
Provide three references (name, title and contact information) who have contracted with the Supplier for similar load following services within the last 2 years.	
Has Supplier, or any affiliate of Supplier, in the last five years, received a notice of deficiency or default from NEPOOL, or been found in a court or arbitration proceeding to have breached or defaulted under any agreement relating to the sale of electricity or natural gas, including any financing agreements? If so, what was the resolution or finding?	

5. SCOPE OF BID AND TERMS OF SALE

<p>Will Supplier execute a contract substantially in the form of the proposed Power Supply Agreement contained in Appendix A?</p> <p>Explain any proposed modifications.</p>	
<p>List all regulatory or other approvals required before a contract may be signed or service can commence.</p>	

6. Proposed Pricing

Specify the monthly contract rates (¢/kWh) to supply Default Service to: a) BECo's NEMA Residential Customer Group, b) BECo's SEMA Residential Customer Group, c) Commonwealth's Residential Customer Group, and d) Cambridge's Residential Customer Group.	
Specify the monthly contract rates (¢/kWh) to supply Default Service to: a) BECo's NEMA Commercial Customer Group, b) BECo's SEMA Commercial Customer Group, c) Commonwealth's Commercial Customer Group and d) Cambridge's Commercial Customer Group.	
Specify the monthly contract rates (¢/kWh) to supply Default Service to: a) BECo's NEMA Industrial Customer Group, b) BECo's SEMA Industrial Customer Group, c) Commonwealth's Industrial Customer Group, and d) Cambridge's Industrial Customer Group.	

Default Service Market Price: July 1, 2003 – December 31, 2003

On April 4, 2003, Boston Edison Company ("Boston Edison"), Cambridge Electric Light Company ("Cambridge") and Commonwealth Electric Company ("Commonwealth") (together, "NSTAR Electric") issued a Request for Proposals (the "RFP") for Default Service supply for a six-month or twelve-month period beginning July 1, 2003. The RFP was issued to 26 entities and NSTAR Electric received eight proposals. NSTAR Electric created a "short list" and entered into negotiations with the lowest bidders in order to maximize customer value.

NSTAR Electric ultimately agreed to purchase the remaining 50 percent of its Default Service requirements for the six-month period, beginning July 1, 2003, and 50 percent of its Default Service requirements for the residential and commercial customer groups for the six-month period, beginning January 1, 2004.¹ A summary of the evaluation sheets for the winning proposals is attached as Schedule A, including evaluation sheets from NSTAR Electric's September 2002 solicitation for a portion of the default service requirements for July 2003 through December 2003. Supporting Schedules 1, 2, and 3, as described below, are also attached. NSTAR Electric entered into one twelve-month and one six-month contract at the lowest price bid. Copies of the executed contracts are appended hereto as Attachment 1 and Attachment 2.

- **Schedule 1**

Schedule 1 computes the July 2003 through December 2003 retail price in \$/kWh for Default Service power to be charged to customers by month, by customer group, by load zone and by NSTAR Electric company. The retail price for the six-month period (July 2003 – December 2003) is computed to be equal to the monthly and the weighted average of the bid wholesale market cost for power, adjusted for line losses by customer group and by company.

The Wholesale Load, computed in Schedule 2, is NSTAR Electric's estimate by month, by customer class, by load zone and by company of the Retail Load for Default

¹ As part of its September 2002 solicitation of Default Service power supply for the period January 1, 2003 through June 30, 2003, NSTAR Electric was able to obtain lower Default Service prices for that period by agreeing to procure 50 percent of its Default Service requirements for the period July 1, 2003 through December 31, 2003. Calculations showing the weighted-average of the results of the two bid processes are set forth in Schedule A, attached hereto. In accordance with the Department's order in D.T.E. 02-40-B, NSTAR Electric has agreed at this time to purchase 50 percent of its Default Service requirements for the residential and commercial customer groups for the period January 1, 2004 through June 30, 2004. In addition, NSTAR Electric adopts shorter solicitation periods for the industrial customer group and will reflect this load in 2004 solicitations.

Service, adjusted by line losses computed in Schedule 3. Pursuant to each of the Default Service contracts, the winning suppliers are responsible for all ancillary services including the cost for installed capability, congestion costs resulting from implementation of Standard Market Design ("SMD")² and the Renewable Energy Portfolio Standards ("RPS") requirement costs. Thus, the contract price (Wholesale Price) reflects the energy prices included in the contracts. The Total Wholesale Price is then adjusted for line losses (Schedule 3) to compute the Retail Price by month, by customer group and by company. The Total Retail Cost is computed by multiplying the Retail Load by the Retail Price. The Total Retail Cost is also the product of the Wholesale Load multiplied by the Total Wholesale Price.

The Total Retail Cost, for the percentage supplied by each supplier, is divided by the applicable retail load for Default Service to compute a monthly and weighted-average Default Service Price for each six-month period for each customer group, load zone and company for the winning proposals.

- **Schedule 2**

Schedule 2 is NSTAR Electric's estimate of the Wholesale Load by customer group, by load zone and by company for the six-month and twelve-month periods. The Wholesale Load is adjusted by line losses to compute the Retail Load for Default Service.

- **Schedule 3**

Schedule 3 computes the line loss factors by customer class and by company which is applied to the Wholesale Load per MWh in order to calculate the Retail Load per MWh and also applied to the Total Wholesale Price in \$/kWh in order to calculate the Retail Price in \$/kWh. The adjustments are necessary to reflect the fact that there are differences between the amount of power purchased from a supplier and the amount that is actually delivered, metered and billed to customers. The line loss factors applied in Schedule 1 are a calculated percentage of the line loss factors for Boston Edison, Cambridge and Commonwealth by customer group, based on the projected MWh deliveries of Default Service to each service territory (Schedule 2).

² In accordance with the requirements of the Department's order in D.T.E. 02-40-A, prices for Boston Edison Industrial customers (rate classes G-3 and T-2) are procured and priced separately for the NEMA and SEMA zones. The prices for Boston Edison's other customers are not differentiated by zones and reflect a weighted average of the costs for each zone.

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Schedule A

DEFAULT SERVICE RFP (JULY 2003 - JUNE 2004)

BOSTON EDISON (NEMA) WEIGHTED AVERAGE RETAIL RATES

[Based on Existing Jun - Dec Bids, and Best DS RFP(09-05-2001) Bids]

[Based on 04/04/2003 Load Forecast]

BECo NEMA RESIDENTIAL	Jul-03 MWh \$(000)	Aug-03 MWh \$(000)	Sep-03 MWh \$(000)	Oct-03 MWh \$(000)	Nov-03 MWh \$(000)	Dec-03 MWh \$(000)	"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
50%/ 50% Wtd. Avg., c/kWh							
0%/ 0% Wtd. Avg., c/kWh							
Constellation 50%/0% Wtd. Avg., c/kWh							
Sub-Total							

BECo NEMA RESIDENTIAL Wtd. Rate, c/kWh	Jul-03 7.578	Aug-03 7.374	Sep-03 6.046	Oct-03 5.649	Nov-03 5.755	Dec-03 6.277	Jul - Dec 2003 Average 6.507
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BECo NEMA COMMERCIAL	Jul-03 MWh \$(000)	Aug-03 MWh \$(000)	Sep-03 MWh \$(000)	Oct-03 MWh \$(000)	Nov-03 MWh \$(000)	Dec-03 MWh \$(000)	"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
50%/ 50% Wtd. Avg., c/kWh							
0%/ 0% Wtd. Avg., c/kWh							
Constellation 50%/0% Wtd. Avg., c/kWh							
Sub-Total							

BECo NEMA COMMERCIAL Wtd. Rate, c/kWh	Jul-03 7.986	Aug-03 7.798	Sep-03 6.208	Oct-03 5.667	Nov-03 5.733	Dec-03 6.176	Jul - Dec 2003 Average 6.623
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BECo NEMA INDUSTRIAL	Jul-03 MWh \$(000)	Aug-03 MWh \$(000)	Sep-03 MWh \$(000)	Oct-03 MWh \$(000)	Nov-03 MWh \$(000)	Dec-03 MWh \$(000)	"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
Wtd. Avg., c/kWh 0%/ 0%							
50%/ 0% Wtd. Avg., c/kWh							
Constellation 50%/ 0% Wtd. Avg., c/kWh							
Sub-Total							

BECo NEMA INDUSTRIAL Wtd. Rate, c/kWh	Jul-03 7.332	Aug-03 7.167	Sep-03 6.579	Oct-03 6.490	Nov-03 6.461	Dec-03 6.555	Jul - Dec 2003 Average 6.844
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DEFAULT SERVICE RFP (JULY 2003 - JUNE 2004)
BOSTON EDISON (SEMA) WEIGHTED AVERAGE RETAIL RATES
[Based on Existing Jun - Dec Bids, and Best DS RFP(09-05-2001) Bids]
[Based on 04/04/2003 Load Forecast]

BECo SEMA RESIDENTIAL	Jul-03 MWh \$(000)	Aug-03 MWh \$(000)	Sep-03 MWh \$(000)	Oct-03 MWh \$(000)	Nov-03 MWh \$(000)	Dec-03 MWh \$(000)	"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
50%/ 50% Wtd. Avg., c/kWh							
0%/ 0% Wtd. Avg., c/kWh							
Constellation 50%/0% Wtd. Avg., c/kWh							
Sub-Total							
BECo SEMA RESIDENTIAL Wtd. Rate, c/kWh	Jul-03 7.239	Aug-03 7.037	Sep-03 5.657	Oct-03 5.236	Nov-03 5.396	Dec-03 5.891	Jul - Dec 2003 Average 6.138

BECo SEMA COMMERCIAL	Jul-03 MWh \$(000)	Aug-03 MWh \$(000)	Sep-03 MWh \$(000)	Oct-03 MWh \$(000)	Nov-03 MWh \$(000)	Dec-03 MWh \$(000)	"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
50%/ 50% Wtd. Avg., c/kWh							
0%/ 0% Wtd. Avg., c/kWh							
Constellation 50%/0% Wtd. Avg., c/kWh							
Sub-Total							
BECo SEMA COMMERCIAL Wtd. Rate, c/kWh	Jul-03 7.509	Aug-03 7.342	Sep-03 5.733	Oct-03 5.205	Nov-03 5.320	Dec-03 5.735	Jul - Dec 2003 Average 6.168

BECo SEMA INDUSTRIAL	Jul-03 MWh \$(000)	Aug-03 MWh \$(000)	Sep-03 MWh \$(000)	Oct-03 MWh \$(000)	Nov-03 MWh \$(000)	Dec-03 MWh \$(000)	"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
Wtd. Avg., c/kWh 0%/ 0%							
50%/ 0% Wtd. Avg., c/kWh							
Constellation 50%/ 0% Wtd. Avg., c/kWh							
Sub-Total							
BECo SEMA INDUSTRIAL Wtd. Rate, c/kWh	Jul-03 7.142	Aug-03 6.978	Sep-03 5.577	Oct-03 5.077	Nov-03 5.198	Dec-03 5.591	Jul - Dec 2003 Average 6.110

DEFAULT SERVICE RFP (JULY 2003 - JUNE 2004)
COMMONWEALTH WEIGHTED AVERAGE RETAIL RATES

[Based on Existing Jun - Dec Bids, and Best DS RFP(04-04-2003) Bids]

[Based on 04/04/2003 Load Forecast]

COM RESIDENTIAL	Jul-03		Aug-03		Sep-03		Oct-03		Nov-03		Dec-03		"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	
50%/ 50% Wtd. Avg., c/kWh													
0%/ 0% Wtd. Avg., c/kWh													
Constellation 50%/0% Wtd. Avg., c/kWh													
Sub-Total													

COM RESIDENTIAL Wtd. Rate, c/kWh	Jul-03 7.089	Aug-03 6.891	Sep-03 5.539	Oct-03 5.127	Nov-03 5.285	Dec-03 5.769	Jul - Dec 2003 Average 6.000
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COM COMMERCIAL	Jul-03		Aug-03		Sep-03		Oct-03		Nov-03		Dec-03		"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	
50%/ 50% Wtd. Avg., c/kWh													
0%/ 0% Wtd. Avg., c/kWh													
Constellation 50%/0% Wtd. Avg., c/kWh													
Sub-Total													

COM COMMERCIAL Wtd. Rate, c/kWh	Jul-03 7.353	Aug-03 7.189	Sep-03 5.614	Oct-03 5.097	Nov-03 5.209	Dec-03 5.615	Jul - Dec 2003 Average 6.057
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COM INDUSTRIAL	Jul-03		Aug-03		Sep-03		Oct-03		Nov-03		Dec-03		"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	
50%/ 50% Wtd. Avg., c/kWh													
0%/ 0% Wtd. Avg., c/kWh													
Constellation 50%/0% Wtd. Avg., c/kWh													
Sub-Total													

COM INDUSTRIAL Wtd. Rate, c/kWh	Jul-03 6.938	Aug-03 6.778	Sep-03 5.417	Oct-03 4.931	Nov-03 5.049	Dec-03 5.430	Jul - Dec 2003 Average 6.078
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DEFAULT SERVICE RFP (JULY 2003 - JUNE 2004)

CAMBRIDGE WEIGHTED AVERAGE RETAIL RATES

[Based on Existing Jun - Dec Bids, and Best DS RFP(04-04-2003) Bids]

[Based on 04/04/2003 Load Forecast]

CELC RESIDENTIAL	Jul-03		Aug-03		Sep-03		Oct-03		Nov-03		Dec-03		"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	
50%/ 50% Wtd. Avg., c/kWh													
0%/ 0% Wtd. Avg., c/kWh													
Constellation 50%/0% Wtd. Avg., c/kWh													
Sub-Total													
CELC RESIDENTIAL Wtd. Rate, c/kWh	Jul-03 7.193		Aug-03 6.999		Sep-03 5.739		Oct-03 5.362		Nov-03 5.462		Dec-03 5.958		Jul - Dec 2003 Average 6.205

CELC COMMERCIAL	Jul-03		Aug-03		Sep-03		Oct-03		Nov-03		Dec-03		"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	
50%/ 50% Wtd. Avg., c/kWh													
0%/ 0% Wtd. Avg., c/kWh													
Constellation 50%/0% Wtd. Avg., c/kWh													
Sub-Total													
CELC COMMERCIAL Wtd. Rate, c/kWh	Jul-03 7.580		Aug-03 7.401		Sep-03 5.893		Oct-03 5.379		Nov-03 5.441		Dec-03 5.861		Jul - Dec 2003 Average 6.329

CELC INDUSTRIAL	Jul-03		Aug-03		Sep-03		Oct-03		Nov-03		Dec-03		"1st 6-Months" Rate Jul - Dec 2003 MWh \$(000)
	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	MWh	\$(000)	
0%/ 0% Wtd. Avg., c/kWh													
50%/ 0% Wtd. Avg., c/kWh													
Constellation 50%/0% Wtd. Avg., c/kWh													
Sub-Total													
CELC INDUSTRIAL Wtd. Rate, c/kWh	Jul-03 6.872		Aug-03 6.717		Sep-03 6.161		Oct-03 6.077		Nov-03 6.049		Dec-03 6.138		Jul - Dec 2003 Average 6.378

Schedule 1

Default Service RFP - 2003

Residential (Boston Edison SEMA):

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.06314	\$0.05975	\$0.04773	\$0.04685	\$0.04702	\$0.04937	\$		
Total Retail Cost (000's)								0.05283	

Commercial (Boston Edison SEMA):

Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.06703	\$0.06364	\$0.05002	\$0.04795	\$0.04767	\$0.04964	\$		
Total Retail Cost (000's)								0.05454	

Industrial (Boston Edison SEMA):

Wholesale Load (MWh)									
Line Loss	7.315%	7.315%	7.315%	7.315%	7.315%	7.315%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.06463	\$0.06134	\$0.04958	\$0.04780	\$0.04720	\$0.04909	\$		
Total Retail Cost (000's)								0.05486	

Total Retail Cost (000's)

Default Service RFP - 2003

Residential (Commonwealth):

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%		
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.06183	\$0.05851	\$0.04674	\$0.04588	\$0.04604	\$0.04834	\$0.05161		
Total Retail Cost (000's)									

Commercial (Commonwealth):

Wholesale Load (MWh)									
Line Loss	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%		
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.06563	\$0.06231	\$0.04898	\$0.04695	\$0.04668	\$0.04861	\$0.05353		
Total Retail Cost (000's)									

Industrial (Commonwealth):

Wholesale Load (MWh)									
Line Loss	4.580%	4.580%	4.580%	4.580%	4.580%	4.580%	4.580%		
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.06278	\$0.05958	\$0.04816	\$0.04643	\$0.04585	\$0.04768	\$0.05452		
Total Retail Cost (000's)									

Total Retail Cost (000's)

Default Service RFP - 2003

Residential (Boston Edison NEMA):

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.08841	\$0.08772	\$0.07320	\$0.06613	\$0.06809	\$0.07618	\$ 0.07732		
Total Retail Cost (000's)									

Commercial (Boston Edison NEMA):

Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.09270	\$0.09232	\$0.07414	\$0.06540	\$0.06698	\$0.07387	\$ 0.07791		
Total Retail Cost (000's)									

Industrial (Boston Edison NEMA):

Wholesale Load (MWh)									
Line Loss	7.315%	7.315%	7.315%	7.315%	7.315%	7.315%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Retail Cost (000's)									

Total Retail Cost (000's)

Boston Edison (NEMA)

Default Service RFP - 2003

Residential (Boston Edison SEMA):

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.08163	\$0.08099	\$0.06541	\$0.05787	\$0.06091	\$0.06845	\$		
Total Retail Cost (000's)							0.06993		

Commercial (Boston Edison SEMA):

Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.08315	\$0.08320	\$0.06464	\$0.05616	\$0.05872	\$0.06505	\$		
Total Retail Cost (000's)							0.06882		

Industrial (Boston Edison SEMA):

Wholesale Load (MWh)									
Line Loss	7.315%	7.315%	7.315%	7.315%	7.315%	7.315%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.07822	\$0.07822	\$0.06196	\$0.05374	\$0.05676	\$0.06272	\$		
Total Retail Cost (000's)							0.06733		

Total Retail Cost (000's)

Boston Edison (SEMA)

Default Service RFP - 2003

Residential (Commonwealth):

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%		
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.07994	\$0.07931	\$0.06405	\$0.05667	\$0.05965	\$0.06703	\$0.06839		
Total Retail Cost (000's)									

Commercial (Commonwealth):

Wholesale Load (MWh)									
Line Loss	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%		
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.08143	\$0.08147	\$0.06330	\$0.05499	\$0.05750	\$0.06370	\$0.06762		
Total Retail Cost (000's)									

Industrial (Commonwealth):

Wholesale Load (MWh)									
Line Loss	4.580%	4.580%	4.580%	4.580%	4.580%	4.580%	4.580%		
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.07598	\$0.07598	\$0.06019	\$0.05220	\$0.05514	\$0.06092	\$0.06704		
Total Retail Cost (000's)									

Total Retail Cost (000's)

Commonwealth:

Default Service RFP - 2003

Residential (Cambridge):

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	3.642%	3.642%	3.642%	3.642%	3.642%	3.642%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)	\$0.08392	\$0.08326	\$0.06948	\$0.06277	\$0.06462	\$0.07230	\$ 0.07371		
Retail Price (\$/kWh)									
Total Retail Cost (000's)									

Commercial (Cambridge):

Wholesale Load (MWh)									
Line Loss	3.642%	3.642%	3.642%	3.642%	3.642%	3.642%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)	\$0.08798	\$0.08762	\$0.07037	\$0.06207	\$0.06358	\$0.07011	\$ 0.07446		
Retail Price (\$/kWh)									
Total Retail Cost (000's)									

Industrial (Cambridge):

Wholesale Load (MWh)									
Line Loss	1.948%	1.948%	1.948%	1.948%	1.948%	1.948%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Retail Price (\$/kWh)									
Total Retail Cost (000's)									

Total Retail Cost (000's)

Cambridge:

Default Service RFP - 2003

Residential (Boston Edison NEMA):

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$ 0.07880	\$ 0.07631	\$ 0.06660	\$ 0.06191	\$ 0.06064	\$ 0.06429	\$ 0.06830		
Total Retail Cost (000's)									

Commercial (Boston Edison NEMA):

Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$ 0.07989	\$ 0.07693	\$ 0.06631	\$ 0.06277	\$ 0.06279	\$ 0.06633	\$ 0.06920		
Total Retail Cost (000's)									

Industrial (Boston Edison NEMA):

Wholesale Load (MWh)									
Line Loss	7.315%	7.315%	7.315%	7.315%	7.315%	7.315%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Retail Cost (000's)									

Total Retail Cost (000's)

Boston Edison (NEMA)

Default Service RFP - 2003

Residential (Boston Edison SEMA):

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.06968	\$0.06722	\$0.05696	\$0.05181	\$0.05136	\$0.05430	\$		
Total Retail Cost (000's)							0.05877		

Commercial (Boston Edison SEMA):

Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.06873	\$0.06686	\$0.05621	\$0.05193	\$0.05240	\$0.05573	\$		
Total Retail Cost (000's)							0.05885		

Industrial (Boston Edison SEMA):

Wholesale Load (MWh)									
Line Loss	7.315%	7.315%	7.315%	7.315%	7.315%	7.315%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$		
Total Retail Cost (000's)									

Total Retail Cost (000's)

Boston Edison (SEMA)

Default Service RFP - 2003

Residential (Commonwealth):

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)									
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)									
Total Retail Cost (000's)	\$ 0.06824	\$ 0.06583	\$ 0.05577	\$ 0.05073	\$ 0.05029	\$ 0.05317	\$ 0.05752		

Commercial (Commonwealth):

Wholesale Load (MWh)									
Line Loss	6.603%	6.603%	6.603%	6.603%	6.603%	6.603%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)									
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)									
Total Retail Cost (000's)	\$ 0.06730	\$ 0.06547	\$ 0.05504	\$ 0.05085	\$ 0.05131	\$ 0.05457	\$ 0.05760		

Industrial (Commonwealth):

Wholesale Load (MWh)									
Line Loss	4.580%	4.580%	4.580%	4.580%	4.580%	4.580%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)									
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)									
Total Retail Cost (000's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

Total Retail Cost (000's)

Commonwealth:

Total Retail Cost (000's)

Total Retail Cost (000's)Total Retail Cost (000's)Retail Default Service Load (MWh):

Default Service RFP - 2003

Residential (Boston Edison NEMA):

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total	Retail Cost \$/kWh	Wholesale Cost \$/kWh
Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Retail Cost (000's)									

Commercial (Boston Edison NEMA):

Wholesale Load (MWh)									
Line Loss	8.542%	8.542%	8.542%	8.542%	8.542%	8.542%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Retail Cost (000's)									

Industrial (Boston Edison NEMA):

Wholesale Load (MWh)									
Line Loss	7.315%	7.315%	7.315%	7.315%	7.315%	7.315%			
Retail Load (MWh)									
Wholesale Price (\$/kWh)									
ICAP Cost (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total Wholesale Price (\$/kWh)									
Retail Price (\$/kWh)	\$0.08201	\$0.08201	\$0.08201	\$0.08201	\$0.08201	\$0.08201	0.08201		
Total Retail Cost (000's)									

Total Retail Cost (000's)

Schedule 2

Schedule 2: NSTAR Elec. Forecast of Wholesale Load

	BECO NEMA		BECO SEMA		COM		CELC	
	Residential	Commercial Industrial	Residential	Commercial Industrial	Residential	Commercial Industrial	Residential	Commercial Industrial
Jul-03								
Aug-03								
Sep-03								
Oct-03								
Nov-03								
Dec-03								
Jan-04								
Feb-04								
Mar-04								
Apr-04								
May-04								
Jun-04								

Schedule 3

Default Service Losses by Sector for each NSTAR Electric Operating Company

Calculated 03/12/01				Line Loss	Loss Factor
				% of DEF % of NSTAR	
BECO	Res	0.0934	33%	8.542%	1.0934
	Com	0.0934	20%	8.542%	1.0934
	Ind	0.0789	47%	7.315%	1.0789
	Ld. Wtd Avg.	0.0666		81.3%	1.0866
Com	Res	0.0707	52%	6.603%	1.0707
	Com	0.0707	29%	6.603%	1.0707
	Ind	0.0480	19%	4.580%	1.0480
	Ld. Wtd Avg.	0.0664		11.9%	1.0664
Camb	Res	0.0378	20%	3.642%	1.0378
	Com	0.0378	21%	3.642%	1.0378
	Ind	0.0199	59%	1.948%	1.0199
	Ld. Wtd Avg.	0.0272		6.6%	1.0272
NSTAR	Res	0.0871	34.4%	8.013%	1.0871
	Com	0.0859	21.1%	7.914%	1.0859
	Ind	0.0720	44.5%	6.719%	1.0720
	Ld. Wtd Avg.	0.0802		100.0%	1.0802

NSTAR_DEF_Loss_Factors.xls

Default Service Losses by Sector for each NSTAR Electric Operating Company

Calculated 03/12/01

		Loss	% of DEF	% of NSTAR
BEC	Res	0.0934	33%	
	Com	0.0934	20%	
	Ind	0.0789	47%	
	Ld. Wtd Avg.	0.0866		81.3%
Com	Res	0.0707	52%	
	Com	0.0707	29%	
	Ind	0.0480	19%	
	Ld. Wtd Avg.	0.0664		11.9%
Camb	Res	0.0378	20%	
	Com	0.0378	21%	
	Ind	0.0199	59%	
	Ld. Wtd Avg.	0.0272		6.8%
NSTAR	Res	0.0871	34.4%	
	Com	0.0859	21.1%	
	Ind	0.0720	44.5%	
	Ld. Wtd Avg.	0.0802		100.0%

EX. → BEC. RES. = .0934 LOSS FACTOR

SALES (1.0934) = LOAD

SALES = LOAD (.9146)

SALES = LOAD - (LOAD (.0854))



8.54%

NSTAR_DEF_Loss_Factors.xls

DEFAULT SERVICE

DEFINITIONS

"Competitive Supplier" shall mean any entity licensed by the M.D.T.E. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in this tariff.

"Distribution Company" or "Company" shall mean Boston Edison Company.

"Distribution Service" shall mean the delivery of electricity to the Customer by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy.

"Retail Access Date" shall mean March 1, 1998.

"Standard Offer Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Default Service, in accordance with the provisions set forth in the Company's Standard Offer Service tariff, on file with the M.D.T.E.

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President**

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DEFAULT SERVICE

AVAILABILITY

Default Generation Service ("Default Service") shall be available to any Customer who is not receiving Standard Offer Service and who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF DEFAULT SERVICE

Default Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive Default Service. In this instance, Default Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Default Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- B. A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, Default Service shall be initiated for the Customer

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President**

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DEFAULT SERVICE

INITIATION OF DEFAULT SERVICE (continued)

with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, Default Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer taking Standard Offer Service has not chosen affirmatively a Competitive Supplier at the end of the term of Standard Offer Service.
- E. A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

DEFAULT SERVICE RATES

a) Two Rate Options

There are two rate options available to Customers on Default Service. The Supplemental Schedule to this tariff sets forth the rate options for each rate class for the specified six-month period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the six-month period upon approval by the Department.

b) Initial Applicable Option

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3 and R-4.
- (ii) small commercial & industrial Customers in rate classes G-1, G-2, and T-1.

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DEFAULT SERVICE

b) Initial Applicable Option (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-3 and T-2.
- (ii) Streetlighting Customers in rate classes S-1, S-2 and S-3.

c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Default Service unless and until they begin taking Generation Service from a Competitive Supplier. Default Service Customers may make this election at the time they are first placed on Default Service or at any time after service has commenced.

d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) Changes in Supplemental Schedule

The Company will file a new Supplemental Schedule for the next six-month period prior to the expiration of the current period.

f) Calculation of Fixed and Variable Pricing Option

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the six-month period. The Fixed Price Option represents a weighted average of the six monthly variable price bids for the six-month period.

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DEFAULT SERVICE

g) Billing Adjustment when Leaving Default Service

Customers receiving Default Service under the Fixed Price Option who leave Default Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last six-month pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable six-month pricing period during which the Customer was on Default Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time.

h) Low-Income Customers

Customers taking service under the Company's Residential Assistance Rate R-2 will automatically be billed at the lower of the Company's (i) Standard Offer Service Rate or (ii) the Fixed Price Option of the Default Service Rate in effect during the corresponding period.

BILLING

Each Customer receiving Default Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF DEFAULT SERVICE

Default Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, Default Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Default Service.

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President

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DEFAULT SERVICE

SUPPLEMENTAL SCHEDULE – TARIFF FOR DEFAULT SERVICE

In accordance with the terms of the Default Service tariff, the rates for Default Service for Customers receiving such service from the Company are listed below. All rates will be applied as a cents/kwh charge, for usage on and after the first day of each calendar month.

FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003

Residential

(Rates R1, R2, R3, and R4)

Fixed Price Option: 6.482 cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	7.555	7.351	6.019	5.621	5.730	6.251

Small Commercial & Industrial

(Rates G1, G2 and T1)

Fixed Price Option: 6.595 cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	7.956	7.769	6.179	5.639	5.707	6.149

Large Commercial & Industrial

(Rates G3 and T2)

NEMA

Fixed Price Option: 6.844 cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	7.332	7.167	6.579	6.490	6.461	6.555

SEMA

Fixed Price Option: 6.110 cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	7.142	6.978	5.577	5.077	5.198	5.591

Street Lighting /Area Lighting

(Rates S1, S2 and S3)

Fixed Price Option: 6.595cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	7.956	7.769	6.179	5.639	5.707	6.149

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DEFAULT SERVICE

DEFINITIONS

"Competitive Supplier" shall mean any entity licensed by the M.D.T.E. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in this tariff.

"Distribution Company" or "Company" shall mean Cambridge Electric Light Company.

"Distribution Service" shall mean the delivery of electricity to Customers by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy.

"Retail Access Date" shall mean March 1, 1998.

"Standard Offer Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Default Service, in accordance with the provisions set forth in the Company's Standard Offer Service tariff, on file with the M.D.T.E.

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President**

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DEFAULT SERVICE

AVAILABILITY

Default Generation Service ("Default Service") shall be available to any Customer who is not receiving Standard Offer Service and who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF DEFAULT SERVICE

Default Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive Default Service. In this instance, Default Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Default Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- B. A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, Default Service shall be initiated for the Customer concurrent with the Customer's next scheduled meter read date, provided that the notice of

Issued by: **Thomas J. May**
President

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DEFAULT SERVICE

INITIATION OF DEFAULT SERVICE (continued)

termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and

Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, Default Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer taking Standard Offer Service has not chosen affirmatively a Competitive Supplier at the end of the term of Standard Offer Service.
- E. A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

DEFAULT SERVICE RATES

a) Two Rate Options

There are two rate options available to Customers on Default Service. The Supplemental Schedule to this tariff sets forth the rate options for each rate class for the specified six-month period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the six-month period upon approval by the Department.

b) Initial Applicable Option

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3, R-4, R-5 and R-6.
- (ii) small commercial & industrial Customers in rate classes G-0, G-1, G-4, G-5 and G-6.

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DEFAULT SERVICE

b) Initial Applicable Option (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-2 and G-3.
- (ii) Streetlighting Customers in rate class S-1.

c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Default Service unless and until they begin taking Generation Service from a Competitive Supplier. Default Service Customers may make this election at the time they are first placed on Default Service or at any time after service has commenced.

d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) Changes in Supplemental Schedule

The Company will file a new Supplemental Schedule for the next six-month period prior to the expiration of the current period.

f) Calculation of Fixed and Variable Pricing Option

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the six-month period. The Fixed Price Option represents a weighted average of the six monthly variable price bids for the six-month period.

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President

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DEFAULT SERVICE

g) Billing Adjustment when Leaving Default Service

Customers receiving Default Service under the Fixed Price Option who leave Default Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last six-month pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable six-month pricing period during which the Customer was on Default Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time.

h) Low-Income Customers

Customers taking service under the Company's Residential Assistance Rate R-2 or Rate R-4 will automatically be billed at the lower of the Company's (i) Standard Offer Service Rate or (ii) the Fixed Price Option of the Default Service Rate in effect during the corresponding period.

BILLING

Each Customer receiving Default Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF DEFAULT SERVICE

Default Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, Default Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Default Service.

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President

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DEFAULT SERVICE

SUPPLEMENTAL SCHEDULE – TARIFF FOR DEFAULT SERVICE

In accordance with the terms of the Default Service tariff, the rates for Default Service for Customers receiving such service from the Company are listed below. All rates will be applied as a cents/kwh charge, for usage on and after the first day of each calendar month.

FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003

Residential

(Rates R1, R2, R3, R4, R5 and R6)

Fixed Price Option:

6.205 cents per kilowatt-hour.

Variable Price Option:

<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
7.193	6.999	5.739	5.362	5.462	5.958

Small Commercial & Industrial

(Rates G0, G1, G4, G5, and G6)

Fixed Price Option:

6.329 cents per kilowatt-hour.

Variable Price Option:

<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
7.580	7.401	5.893	5.379	5.441	5.861

Large Commercial & Industrial

(Rates G2 and G3)

Fixed Price Option:

6.378 cents per kilowatt-hour.

Variable Price Option:

<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
6.872	6.717	6.161	6.077	6.049	6.138

Street Lighting /Area Lighting

(Rate S1)

Fixed Price Option:

6.329 cents per kilowatt-hour.

Variable Price Option:

<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
7.580	7.401	5.893	5.379	5.441	5.861

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DEFAULT SERVICE

DEFINITIONS

"Competitive Supplier" shall mean any entity licensed by the M.D.T.E. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in this tariff.

"Distribution Company" or "Company" shall mean Commonwealth Electric Company.

"Distribution Service" shall mean the delivery of electricity to Customers by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy.

"Retail Access Date" shall mean March 1, 1998.

"Standard Offer Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Default Service, in accordance with the provisions set forth in the Company's Standard Offer Service tariff, on file with the M.D.T.E.

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President**

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DEFAULT SERVICE

AVAILABILITY

Default Generation Service ("Default Service") shall be available to any Customer who is not receiving Standard Offer Service and who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF DEFAULT SERVICE

Default Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive Default Service. In this instance, Default Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Default Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- B. A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, Default Service shall be initiated for the Customer concurrent with the Customer's next scheduled meter read date, provided that the notice of

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President

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DEFAULT SERVICE

INITIATION OF DEFAULT SERVICE (continued)

termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, Default Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer taking Standard Offer Service has not chosen affirmatively a Competitive Supplier at the end of the term of Standard Offer Service.
- E. A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

DEFAULT SERVICE RATES

a) Two Rate Options

There are two rate options available to Customers on Default Service. The Supplemental Schedule to this tariff sets forth the rate options for each rate class for the specified six-month period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the six-month period upon approval by the Department.

b) Initial Applicable Option

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3, R-4, R-5 and R-6.
- (ii) small commercial & industrial Customers in rate classes G-1, G-4, G-5, G-6 and G-7.

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b) Initial Applicable Option (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-2 and G-3.
- (ii) Streetlighting Customers in rate classes S-1 and S-2.

c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Default Service unless and until they begin taking Generation Service from a Competitive Supplier. Default Service Customers may make this election at the time they are first placed on Default Service or at any time after service has commenced.

d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) Changes in Supplemental Schedule

The Company will file a new Supplemental Schedule for the next six-month period prior to the expiration of the current period.

f) Calculation of Fixed and Variable Pricing Option

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the six-month period. The Fixed Price Option represents a weighted average of the six monthly variable price bids for the six-month period.

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g) Billing Adjustment when Leaving Default Service

Customers receiving Default Service under the Fixed Price Option who leave Default Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last six-month pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable six-month pricing period during which the Customer was on Default Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time.

h) Low-Income Customers

Customers taking service under the Company's Residential Assistance Rate R-2 or Rate R-4 will automatically be billed at the lower of the Company's (i) Standard Offer Service Rate or (ii) the Fixed Price Option of the Default Service Rate in effect during the corresponding period.

BILLING

Each Customer receiving Default Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF DEFAULT SERVICE

Default Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, Default Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Default Service.

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SUPPLEMENTAL SCHEDULE – TARIFF FOR DEFAULT SERVICE

In accordance with the terms of the Default Service tariff, the rates for Default Service for Customers receiving such service from the Company are listed below. All rates will be applied as a cents/kwh charge, for usage on and after the first day of each calendar month.

FOR THE PERIOD JULY 1, 2003 THROUGH DECEMBER 31, 2003

Residential

(Rates R1, R2, R3, R4, R5 and R6)

Fixed Price Option: 6.000 cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	7.089	6.891	5.539	5.127	5.285	5.769

Small Commercial & Industrial

(Rates G1, G4, G5, G6 and G7)

Fixed Price Option: 6.057 cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	7.353	7.189	5.614	5.097	5.209	5.615

Large Commercial & Industrial

(Rates G2 and G3)

Fixed Price Option: 6.078 cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	6.938	6.778	5.417	4.931	5.049	5.430

Street Lighting /Area Lighting

(Rates S1 and S2)

Fixed Price Option: 6.057 cents per kilowatt-hour.

Variable Price Option:	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
	7.353	7.189	5.614	5.097	5.209	5.615

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CONTRACTS

(INTENTIONALLY OMITTED)